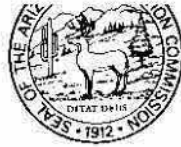


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Executive Director

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Legal Division Director

**ARIZONA CORPORATION COMMISSION**

**Memo**

**To:** Docket Control

**From:** Maureen A. Scott  
Deputy Chief of Litigation & Appeals  
Legal Division

**Date:** March 1, 2022

**Re:** Docket No. RU-00000A-19-0132  
Notice of Final Rulemaking  
Rules Regarding Termination of Service

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Attached is a letter from the Arizona Attorney General's office finding that the Commission's Rules on Termination of Utilities Services is "in proper form, is clear, concise and understandable, within the power of the agency to adopt and within legislative standards, and was adopted in compliance with procedures required by law." The Attorney General's office filed a certified original of the rules together with three copies with the Secretary of State on February 17, 2022. Pursuant to A.R.S. § 41-1032(A), the rules will become effective 60 days after it is filed with the Secretary of State's Office, or on April 18, 2022.



MARK BRNOVICH  
ATTORNEY GENERAL

OFFICE OF THE ARIZONA ATTORNEY GENERAL

February 16, 2022

Ms. Maureen Scott  
Deputy Chief of Litigation and Appeals  
Arizona Corporation Commission  
Legal Division  
1200 W. Washington St.  
Phoenix, AZ 85007

RE: A.G. Rule No. 22-0001; Termination of Utilities/Services

Dear Ms. Scott,

We have reviewed the above-referenced rule and the facts surrounding the adoption of the final rules by the Arizona Corporation Commission. We have determined that the rule is in proper form, is clear, concise and understandable, within the power of the agency to adopt and within legislative standards, and was adopted in compliance with procedures required by law.

Accordingly, I have affixed my signature to the original Approval of Final Rules and have forwarded it together with the original rule, preamble, and three copies of each to the Secretary of State.

The Attorney General's approval of the rule shall not be construed as an endorsement of policy issues relating to or resulting from the rulemaking. Policy decisions relating to the rulemaking are those of the Arizona Corporation Commission and not the Office of the Attorney General.

We have enclosed a copy for your reference

Sincerely,

Joseph Kanefield  
Chief Deputy

Enclosure

2022 FEB 17 PM 1:15


FILED

ATTORNEY GENERAL APPROVAL OF FINAL RULES

1. Agency Name: Arizona Corporation Commission
2. Chapter Heading: Corporation Commission—Fixed Utilities
3. Code Citation for the Chapter: 14 A. A. C. Article 2 and Article 3
4. The Articles and the Sections involved in the rulemaking, listed in alphabetical and numerical order:

<u>Sections</u>	<u>Action</u>
A.A.C. R14-2-201	Amend
A.A.C. R14-2-208	Amend
A.A.C. R14-2-211	Amend
A.A.C. R14-2-212	Amend
A.A.C. R14-2-214	New Section
A.A.C. R14-2-215	New Section
A.A.C. R14-2-216	New Section
A.A.C. R14-2-301	Amend
A.A.C. R14-2-308	Amend
A.A.C. R14-2-311	Amend
A.A.C. R14-2-312	Amend
A.A.C. R14-2-315	New Section
A.A.C. R14-2-316	New Section

The rules contained in this package are approved as final rules pursuant to the standards set forth in A.R.S. § 41-1044. The Attorney General's approval of the rule shall not be construed as an endorsement of policy issues relating to or resulting from the rulemaking. Policy decisions relating to the rulemaking are those of the Arizona Corporation Commission and not the Office of the Attorney General.



Joseph Kane  
Attorney General

February 16, 2022  
Date

#10148650



## NOTICE OF FINAL RULEMAKING

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TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;  
SECURITIES REGULATION

FILED

## CHAPTER 2. CORPORATION COMMISSION - FIXED UTILITIES

## ARTICLE 2. ELECTRIC UTILITIES

## ARTICLE 3. GAS UTILITIES

PREAMBLE

<u>1. Article, Part, or Section Affected (as applicable)</u>	<u>Rulemaking Action</u>
R14-2-201	Amend
R14-2-208	Amend
R14-2-211	Amend
R14-2-212	Amend
R14-2-214	New Section
R14-2-215	New Section
R14-2-216	New Section
R14-2-301	Amend
R14-2-308	Amend
R14-2-311	Amend
R14-2-312	Amend
R14-2-315	New Section
R14-2-316	New Section

2. Citations to the agency's statutory rulemaking authority to include both the authorizing statute (general) and the implementing statute (specific):

Authorizing constitutional provisions and statutes: Arizona Constitution Article XV, §§ 3, 6, and 13; A.R.S. §§ 40-202, 40-203, 40-204, 40-243, 40-250, 40-321, 40-322(A), 40-336, 40-361, 40-365, 40-367, 41-1073, and 41-1074.

Implementing constitutional provisions and statutes: Arizona Constitution Article XV, §§ 3, 6, and 13; A.R.S. §§ 40-202, 40-203, 40-204, 40-243, 40-250, 40-321, 40-322(A), 40-336, 40-361, 40-365, 40-367, 41-1073, 41-1074.

3. The effective date of the rule:

The rules shall become effective as specified in A.R.S. § 41-1032(A).

a. If the agency selected a date earlier than the 60-day effective date as specified in A.R.S. § 41-1032(A).

include the earlier date and state the reason or reasons the agency selected the earlier effective date as provided in A.R.S. § 41-1032(A)(1) through (5):

Not applicable.

- b. If the agency selected a date later than the 60-day effective date as specified in A.R.S. § 41-1032(A), include the later date and state the reason or reasons the agency selected the later effective date as provided in A.R.S. § 41-1032(B):

Not applicable.

4. Citations to all related notices published in the *Register* as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:

Notice of Rulemaking Docket Opening: 27 A.A.R. 798, May 21, 2021

Notice of Proposed Rulemaking: 27 A.A.R. 775, May 21, 2021

5. The agency's contact person who can answer questions about the rulemaking:

Name: Candrea Allen, Executive Consultant

Address: Arizona Corporation Commission  
Utilities Division  
1200 W. Washington St.  
Phoenix, AZ 85007

Telephone: 602-364-0235

E-mail: Callen@azcc.gov  
OR

Name: Maureen Scott, Deputy Chief of Litigation and Appeals

Address: Arizona Corporation Commission  
Legal Division  
1200 W. Washington St.  
Phoenix, AZ 85007

Telephone: (602) 542-3402

Fax: (602) 542-4780

E-mail: MScott@azcc.gov

Web site: [www.azcc.gov](http://www.azcc.gov)

6. An agency's justification and reason why a rule should be made, amended, repealed, or renumbered, to include an explanation about the rulemaking:

With this rulemaking, the Commission amends the following sections under Article 2, entitled "Electric Utilities" and sections under Article 3, entitled "Gas Utilities", 14 A.A.C. 2, the Chapter containing the Commission's rules for fixed utilities, including by adding three new rules under Electric Utilities and two new rules under Gas Utilities. Specifically, this rulemaking (1) Amends A.A.C. R14-2-201; (2) Amends A.A.C. R14-2-208; (3)

Amends A.A.C. R14-2-211; (4) Amends A.A.C. R14-2-212; (5) Adds A.A.C. R14-2-214 - Compliance by Electric Cooperatives; (6) Adds A.A.C. R14-2-215 - Termination of Service Reporting Requirements; (7) Adds A.A.C. R14-2-216 - Relief for Heat-Vulnerable Residential Customers (8) Amends A.A.C. R14-2-301; (9) Amends A.A.C. R14-2-308; (10) Amends A.A.C. R14-2-311; (11) Amends A.A.C. R14-2-312; (12) Adds A.A.C. R14-2-315 - Compliance by Gas Cooperatives; and (13) Adds A.A.C. R14-2-316 - Termination of Service Reporting Requirements.

The rules amend various definitions, add new definitions, and remove definitions under both Electric Utilities and Gas Utilities. In addition, the rules amend the requirements under which Commission-regulated utilities, specifically public service corporations under Arizona Constitution, Article 15, § 2, are to report service interruptions. The rules amend the circumstances in which Commission-regulated utilities, specifically public service corporations under Arizona Constitution, Article 15, § 2, are prohibited from terminating electric or gas service to residential customers. In addition, the rules amend the procedures for processing utility bill disputes and customer complaints. Further, new sections provide electric and gas cooperatives greater flexibility to achieve compliance with the amended rules in recognition of their unique membership structure and operations, detail the reporting requirements related to termination of electric and gas service, and specify the steps electric utilities must take to address issues facing heat-vulnerable populations.

On June 14, 2019, former Chairman Robert Burns requested that Commission Utilities Division Staff begin an emergency rulemaking to amend and strengthen the Commission's rules related to termination of service for electric utilities, Arizona Administrative Code R14-2-211. On June 14, 2019, Docket No. RU-00000A-19-0132 was opened for the purpose of commencing an emergency rulemaking process to enable the Commission to review and amend the current rules regarding termination of service for electric utilities.

On June 20, 2019, in Decision No. 77260, the Commission approved, as an emergency measure, amendments to A.A.C. R14-2-211. On June 21, 2019, the approved emergency rules became effective the same day they were presented to the Secretary of State's Office. The emergency rules were in effect for a period of 180 days and expired on December 18, 2019. During the June 20, 2019, Staff Open Meeting, the Commission voted for approval to direct Staff to commence a regular rulemaking to amend the termination of service rules for all utilities (electric, gas, water, telephone, and sewer/wastewater). The electric and gas termination of service rules were combined in Docket No. RU-00000A-19-0132. Separate dockets were opened for telephone and water/wastewater utilities.

On August 30, 2019, Staff filed its first draft of proposed modifications to the rules regarding the provision of service, termination of service, and administrative reporting requirements for all utilities. On September 26, 2019, Staff filed a revised draft of its proposed modifications to the rules. On September 30, 2019, and January 30, 2020, Staff held workshops. Participants in the workshops included current and former Commissioners,

representatives from utilities, government agencies, energy efficiency and environmental advocacy groups, research entities, consumer advocacy groups, and the public. Many of the same participants also provided written comments. On November 23, 2020, based on discussions during workshops, comments filed, and the Commission's directives, Staff filed its third draft of the rules which only included the electric and gas utilities. Written comments regarding Staff's revised draft were filed by representatives from utilities, consumer advocacy groups, and the public in December 2020.

At the January 30, 2020, workshop, information on temperature-related health impacts, which the Commission considered to inform its decision on the termination of electric service prohibition detailed in the amended rules, was presented by: (1) Maricopa County Department of Public Health, (2) National Weather Service/National Oceanic and Atmospheric Administration, and (3) Arizona State University School of Geographical Sciences and Urban Planning and Urban Climates Research Center. The information provided showed a correlation between higher outdoor temperature, availability or use of cooling systems that rely on electric service, the impact to the indoor temperature, and heat-related health impacts on customers when outdoor temperatures reach 95° F or higher, or specifically during the summer months.

According to information presented by the Maricopa County Department of Public Health, the number of indoor heat-related deaths increased as the outdoor temperature increased. For example, from 2006 to 2017, two percent (2%) of heat-related indoor deaths occurred at 95° F. The percentage of heat-related indoor deaths increased to 12% when the outdoor temperature reached 100° F, and to 55% when the outdoor temperature reached 108° F. In addition, data provided by the Maricopa County Department of Public Health showed that for 2018, 51 heat-related indoor deaths were caused due to "system failures" with 49 of those deaths being in "non-cooled" indoor environments: 45 deaths where air conditioning was present and 4 deaths where air conditioning was not present. Of the 45 heat-related indoor deaths where air conditioning was present, 33 deaths occurred where there was a non-functioning air conditioning, 8 occurred where air conditioning was not turned on, and 4 occurred where there was not electric service.

The amended rules include revisions to the termination of service procedures that specify when an electric or gas utility is prohibited from terminating service to residential customers. The amended rules require an electric utility to adopt one of the following two conditions under which the utility will be prohibited from terminating residential service:

- During any period of time for which the local weather forecast, as predicted by the National Weather Service, indicates that the weather in the area of the customer's service address:
  - Will include temperatures that do not exceed 32° F;
  - Will include temperatures that exceed 95° F; or
  - Will include other weather conditions that the Commission has determined, by order, are especially dangerous to health; or

- During the calendar days of June 1 through October 15 of each year, which shall be specified as non-termination dates in a utility's tariffs.

The amended rules require a gas utility to adopt one of the following two conditions under which the utility will be prohibited from terminating residential service:

- During any period of time for which the National Weather Service has issued a winter weather advisory in the area of the customer's service address; or
- During any period of time for which the local weather forecast, as predicted by the National Weather Service, indicates that the weather in the area of the customer's service address:
  - Will include temperatures that do not exceed 32° F; or
  - Will include other weather conditions that the Commission has determined, by order, are especially dangerous to health.

The amended rules also detail the notification requirements electric and gas utilities must follow when notifying customers prior to termination of service including (1) timing of notification of termination of service, (2) circumstances when advance notice of termination of service is required, (3) circumstances when advance notice of termination of service is not required, and (4) the information required to be included in the notice of termination of service.

In addition, the amended rules revise how and when electric utilities are required to report interruptions of electric service to the Commission. The amendments require electric utilities to notify the Commission when interruptions in electric service affect a significant portion of the electric utility's system as detailed:

- A service interruption of 1,000 customer hours or more for a utility with more than 1,000,000 customer connections,
- A service interruption of 500 customer hours or more for a utility with 400,000 to 1,000,000 customer connections, and
- A service interruption of 100 customer hours or more for a utility with fewer than 400,000 customer connections.

Further, the amended rules remove duplicative language related to notifying the Commission of interruptions in gas service for gas utilities because gas utilities currently have reporting requirements that are required to be filed with the Commission's Safety Division.

The Commission believes the amendments and additions contained in this rulemaking are necessary and in the public interest to ensure that electric and gas utility customers are protected from terminations of service occurring when outside temperatures present a health and safety risk and to ensure that customers who are subject to termination receive timely and meaningful notice. The amended rules provide a balanced position between utility

costs and customer safety while ensuring safe, reliable, and affordable energy service to the people of Arizona. In addition, the amendments regarding interruptions of service will ensure that the Commission receives timely notification of service interruptions that impact customers of electric and gas service.

**7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

The Commission relied on information presented by: (1) Maricopa County Department of Public Health, (2) National Weather Service/National Oceanic and Atmospheric Administration, and (3) Arizona State University School of Geographical Sciences and Urban Planning and Urban Climates Research Center at the workshop on January 30, 2021 and filed with the Commission's Docket Control. Although the Commission did not independently verify the data from these reports and studies, the Commission believes the data is acceptable data that supports the amended rules because the data is empirical in nature, and the stakeholders can replicate and test the data based on the supporting documentation, statistics, reports, studies, or research that the stakeholders included. The information was presented in Docket No. RU-00000A-19-0132. The presentations were compiled by Commission Staff into a single document that was then filed in the docket, which is available to the public at: <https://docket.images.azcc.gov/E000004765.pdf>.

**8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:**

Not Applicable.

**9. A summary of the economic, small business, and consumer impact:**

It is expected that persons who will be directly affected by, bear the costs of, or directly benefit from this rulemaking include: (a) the general public; (b) customers of electric utilities; (c) customers of gas utilities; (d) residents who live at an electric or gas utility customer's service address; (e) electric public service corporations; (f) gas public service corporations; and (g) the Arizona Corporation Commission.

The amended rules include several major differences from the Commission's current rules detailing the circumstances under which a utility is prohibited from terminating residential electric or gas service. The amended rules require a regulated electric or gas utility to adopt one of two termination provisions in which the utility will be prohibited from terminating residential service, based on the utility's service territory. The amended rules may result in increased bad debt/uncollectable expense or write-offs for a utility, which ultimately may be borne by all the utility's customer classes. There are additional reporting requirements related to termination of electric and gas service and additional steps electric utilities must take to address issues facing heat-vulnerable populations. The potential costs to the utility will vary depending on the size of each regulated utility and the termination of service provision implemented by the utility. Quantification of these costs is difficult, as it is likely that each utility will be impacted differently depending on its specific circumstances.



For electric and gas utilities, the costs for complying with the rulemaking will vary over time. Electric and gas utilities can expect increased investment in customer education, customer notification, and bill assistance programs. A utility can expect an increase in the total cost for complying with the filing requirements contained in this rulemaking as compared to the rules that currently exist. Further, a utility may expect to see an increase in the amount of payment arrearages, delinquent billing accounts, bad debt/uncollectable expense, and write-off amounts with the adoption of the amended rules.

Pursuant to Commission Decision No. 77849 (December 17, 2020), information related to the number of residential customer accounts disconnected, the number of residential customer accounts in arrears, and the total dollar amount of residential customer accounts in arrears, among other information, is required to be filed with the Commission on a quarterly basis. Table 1 below includes the most recent available information for the first quarter of 2021, filed by several affected electric utilities. Electric cooperatives and gas utilities currently are not required to provide this information.

Table 1

Company	Number of Disconnected Accounts			Number Accounts in Arrears			Total Dollar Amount of Accounts in Arrears		
	July	August	September	July	August	September	July	August	September
Ajo Improvement Company	0	0	0	64	89	173	\$12,320	\$22,700	\$32,412
Arizona Public Service Company	0	0	0	124,580	111,005	118,037	\$49,871,907	\$55,447,101	\$64,357,102
Morenci Water & Electric Company	0	0	0	19	27	18	\$2,451	\$4,177	\$2,828
Tucson Electric Power	0	0	0	41,938	54,476	50,621	\$15,648,424	\$21,809,401	\$22,488,245
UNS Electric, Inc.	0	0	0	5,587	7,851	7,324	\$1,640,052	\$2,511,049	\$2,586,627

At this time, it is uncertain whether there will be a need for any additional utility personnel to comply with the amendments contained in this rulemaking. For complying with the amended rules, it is uncertain at this time whether electric and gas utilities will have additional costs or benefits for complying with the requirements of this rulemaking. The impact of complying with the amended rules will depend on the specific termination procedure option the utility chooses to adopt and implement. In addition, if a utility chooses to adopt and implement a termination procedure option consistent with the current utility's Commission-approved tariff, the impact of the amendments to the rules may be greatly reduced. For example, a utility with a Commission-approved tariff that currently includes the termination prohibition for the calendar days June 1 through October 15 and that continues to utilize this procedure may not be impacted by the approval of the amended rules to the same extent as the utility would be if the utility revised its current termination of service procedure.

Commission Staff requested and was provided information from regulated electric and gas utilities related to

customer account arrearages and bad debt/uncollectable expense for the years 2018, 2019, and 2020. Table 2 shows the total dollar amount of arrearages for residential customer accounts that became delinquent. Table 3 shows the amount of actual bad debt/uncollectable expense that was recorded by the utility for regulatory purposes. Table 4 shows the amount of actual bad debt/uncollectable expense written off by the utility. Table 5 shows the amount of uncollectable expense that ultimately was approved by the Commission to be recovered through rates in the utility's most recent rate case. The tables do not include information from all Commission-regulated utilities but represent a sampling of regulated electric and gas utilities of various sizes.

**Table 2 - Total Dollar Amount of Arrearages for Residential Customer Accounts that Became Delinquent**

Company	Year		
	2018	2019	2020
Arizona Public Service Company	\$14,562,000	\$34,034,000	\$64,456,000
Tucson Electric Power Company	\$11,956,223	\$17,604,110	\$34,635,304
UNS Electric, Inc.	\$1,480,374	\$2,013,401	\$3,863,679
Trico Electric Cooperative, Inc.	\$981,456	\$698,883	\$1,362,783
Mohave Electric Cooperative, Inc.	\$7,042,022	\$6,271,257	\$6,926,450
Duncan Valley Electric Cooperative, Inc. (Electric and Gas combined) *	\$53,503	\$80,634	\$75,919
Southwest Gas Corporation	\$2,383,214	\$2,460,733	\$1,514,194
UNS Gas, Inc.	\$946,055	\$985,266	\$1,278,740
Copper Market, Inc. (Propane)	\$2,830	\$5,794	\$3,234

\* Duncan Valley Electric Cooperative, Inc. did not provide this information separately for its electric and gas divisions.

**Table 3 - Amount of Actual Bad Debt/Uncollectable Expense Recorded by Utility for Regulatory Purposes**

Company	Year		
	2018	2019	2020
Arizona Public Service Company	\$10,870,000	\$11,819,000	\$20,633,000
Tucson Electric Power Company	\$2,518,316	\$3,572,239	\$10,012,785
UNS Electric, Inc.	\$297,238	\$574,004	\$1,077,310
Trico Electric Cooperative, Inc.	\$15,578	\$9,306	\$71,268
Mohave Electric Cooperative, Inc.	\$112,757	\$105,673	\$110,464
Duncan Valley Electric Cooperative, Inc. (Electric and Gas combined) *	\$6,900	\$6,900	\$6,900
Southwest Gas Corporation	\$1,306,724	\$1,306,724	\$1,306,724
UNS Gas, Inc.	\$182,236	\$189,728	\$506,170
Copper Market, Inc. (Propane)	\$0	\$0	\$0

\* Duncan Valley Electric Cooperative, Inc. did not provide this information separately for its electric and gas divisions.



**Table 4 –Amount of Actual Bad Debt/Uncollectable  
Expense Written Off by Utility**

Company	Year		
	2018	2019	2020
Arizona Public Service Company	\$9,314,000	\$7,717,000	\$9,022,000
Tucson Electric Power Company	\$2,698,799	\$2,863,730	\$2,842,761
UNS Electric, Inc.	\$433,688	\$319,668	\$418,457
Trico Electric Cooperative, Inc.	\$15,578	\$9,306	\$71,268
Mohave Electric Cooperative, Inc.	\$36,542	\$41,206	\$25,207
Duncan Valley Electric Cooperative, Inc. (Electric and Gas combined) *	\$6,391	\$8,736	\$8,141
Southwest Gas Corporation	\$2,167,846	\$2,167,846	\$2,167,846
UNS Gas, Inc.	\$233,021	\$221,590	\$205,082
Copper Market, Inc. (Propane)	\$0	\$0	\$0

\* Duncan Valley Electric Cooperative, Inc. did not provide this information separately for its electric and gas divisions.

**Table 5 - Amount of Uncollectable Expense Ultimately Approved by  
Commission to be Recovered Through Rates in Utility's Most Recent Rate Case**

Company	Uncollectable Expense Approved in Most Recent Rate Case
Arizona Public Service Company	\$4,100,000
Tucson Electric Power Company	\$2,633,738
UNS Electric, Inc.	\$374,037
Trico Electric Cooperative, Inc.	N/A*
Mohave Electric Cooperative, Inc.	\$21,108
Duncan Valley Electric Cooperative, Inc. (Electric and Gas combined) **	N/A
Southwest Gas Corporation	\$1,350,724
UNS Gas, Inc.	\$503,355
Copper Market, Inc. (Propane)	\$0

\* Trico Electric Cooperative, Inc. does not record this information separately from other cost of service data. Therefore, this information is not available without the assistance of outside consultants.

\*\* Duncan Valley Electric Cooperative, Inc. did not provide this information separately for its electric and gas divisions. DVEC did not request uncollectable expense in its most recent rate case.

Potential costs to electric and gas utility customers include accumulation of utility bill balances. Although the amended rules prohibit electric and gas utilities from terminating residential service under specific circumstances, customers will continue to receive utility service and the dollar amount owed by a residential customer during a termination of service prohibition will continue to accumulate. In addition, the potential increase in costs of bad debt/uncollectable expense requested by the utility and approved by the Commission as part of future rate case proceedings would be borne by all customer classes through higher rates. However, quantification of these costs

is difficult, as it is likely that each utility customer will be impacted differently depending on a customer's monthly usage, tariff rate, personal financial situation, and other circumstances.

Potential benefits for electric and gas utility customers include a prohibition of termination of service during periods when weather can be especially dangerous to health thus reducing the number of potential heat-related indoor illnesses or deaths. As stated herein, information provided to the Commission showed a correlation between higher outdoor temperature, availability or use of cooling systems that rely on electric service, the impact to the indoor temperature, and heat-related health impacts on customers when outdoor temperatures reach 95° F or higher, or specifically during the summer months. The amended rules provide for more robust procedures that provide greater customer protections related to termination of service, customer notifications of termination of service, and the processing of customer complaints and disputes filed with the Commission. The amended rules also provide for deferred payment arrangements, which may result in reducing bad debt expense or uncollectable amounts.

Probable costs to the Commission of the amended rules will include increased administrative time spent by Commission Staff to review the compliance filings and reports required to be filed by utilities. The Commission will not incur any fixed upfront cost with adoption of the amended rules. Benefits to the Commission of the amended rules will be more robust procedures that will provide greater guidance for Commission Staff when reviewing compliance with the amended rules.

To the extent that the political subdivisions of Arizona are customers of regulated utilities, potential costs include the increase in costs of uncollectable expense requested by the utility and approved by the Commission as part of future rate case proceedings that would be borne by all customer classes through higher rates. Benefits may include greater protections related to customer notifications of termination of service, and the processing of customer complaints and disputes filed with the Commission due to the more robust procedures.

All Commission-regulated utilities that are subject to the amended rules may incur increased payroll expenditures and increased administrative time complying with the amended rules, at least during the initial implementation of the amended rules while becoming familiar with the change in requirements. Currently, regulated utilities file general termination of service information as part of the annual report filing made with the Commission. The amended rules require that regulated utilities provide detailed termination of service information specific to the zip codes included in a regulated utility's service territory. The amended rules may result in increased regulated-utility administration time spent on developing and filing reporting requirements with the Commission, as the amended rules require additional reporting requirements.

The Commission does not expect the amended rules to have more than a minimal impact on private and public employment in businesses, agencies, or political subdivisions. However, regulated electric utilities must take

specific steps, including working with community advocacy organizations, to address issues facing heat-vulnerable populations. These advocacy organizations may incur increased payroll expenditures and increased administrative time spent working with regulated electric and gas utilities as the utilities comply with the amended rules.

The amended rules will apply to regulated electric and gas cooperatives, some of which may be small businesses. To the extent that regulated cooperative utilities are small businesses subject to the amended rules, these utilities can expect to incur increased administrative time allocated toward complying with the termination of service reporting requirements and interruption of service reporting requirements of the amended rules. The cost for complying with the amended rules will be unique to each regulated cooperative. In addition, regulated cooperative utilities may expect to incur increased administrative time associated with the allocation of resources in developing and filing reporting requirements associated with the amended rules. To the extent that small businesses are regulated utilities, the amended rules include waiver requirements and new sections that provide electric and gas cooperatives greater flexibility to achieve compliance with the amended rules in recognition of their unique membership structure and operations.

The Commission expects the costs and benefits to private persons and consumers (as the general public or customers of a regulated utility) to vary with adoption of the amended rules. For customers of regulated utilities, the costs for complying with the amended rules would be unique to each utility. Potential benefits for electric and gas utility customers include a prohibition on termination of service during periods when weather can be especially dangerous to health thus reducing the number of potential heat-related indoor deaths. The amended rules provide for more robust procedures that provide greater customer protections related to termination of service, customer notifications of termination of service, and the processing of customer complaints and disputes filed with the Commission. Determining quantitative costs or benefits would be speculative at this time.

**10. A description of any changes between the proposed rulemaking, to include supplemental notices, and the final rulemaking:**

The Commission found it appropriate to make minor modifications to the text of the amended rules to ensure the rules are clear, concise, and understandable. The modifications are not intended to, and the Commission believes that they do not, change in any way the scope, meaning, or impact of the rules. The Commission believes that the minor modifications do not result in any change to the amended rules that would necessitate publication of a Notice of Supplemental Proposed Rulemaking as required by A.R.S. § 41-1025(A) when an agency's changes to a rule make it "substantially different" than the proposed rule,

**11. An agency's summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments:**

**Summary of the Comments Made on the Rulemaking and the Agency Response to Them, Prepared Pursuant to A.R.S. § 41-1001(18)(d)(iii)**

The written and oral comments received by the Arizona Corporation Commission ("Commission") concerning the Notice of Proposed Rulemaking ("NPRM") are included in the following table, along with the Commission's response to each. The Commission has included comments received after the April 13, 2021, Open Meeting when the Commission approved Decision No. 77996 (May 5, 2021), which adopted the language for the NPRM, and before the NPRM was published on May 21, 2021.

<b>Written Comments on NPRM</b>	
<b>Public Comment</b>	<b>Commission Response</b>
<p><u>Abhay Padgaonkar (April 19, 2021; April 29, 2021; June 23, 2021; June 28, 2021)</u></p> <p>Mr. Padgaonkar's April 19, 2021 filing primarily discussed Arizona Public Service Company's ("APS") uncollectible expense in its pending rate case. Regarding the Termination of Service Rules, Mr. Padgaonkar stated that current reporting requirements overemphasize arrearages and delinquent balances, which he asserted do not represent actual uncollectible expense. Mr. Padgaonkar stated that the Commission should require utilities to report actual uncollectible expense as actual write-offs separately for residential and non-residential customers.</p> <p>Mr. Padgaonkar's April 29, 2021, filing expressed support for the draft rules, stating that they strengthened protections for customers. Mr. Padgaonkar also noted that affordability of rates is a concern.</p> <p>Mr. Padgaonkar's June 23, 2021, filing addressed the Economic, Small Business, and Consumer Impact Statement ("EIS") filed by Staff on June 18, 2021. He stated that the EIS indicated the impact to rates from the termination of service moratorium was insignificant. Mr. Padgaonkar again stated that arrearages are the incorrect metric to evaluate the impact on rates from the termination of service moratoriums. He stated that there should not be concerns about the rate impact from the revised disconnection rules.</p> <p>On June 28, 2021, Mr. Padgaonkar filed his comments read at the Oral Proceeding on June 28, 2021, which are discussed below.</p>	<p>The Termination of Service Rules include robust reporting requirements for electric and gas utilities in R14-2-215 and R14-2-316. These provisions are adequate to ensure that utilities are compiling information necessary to evaluate the Impact of the Termination of Service Rules both on public health and on customer and utility finances.</p> <p>The Commission concludes that no change is needed in response to these comments.</p>
<p><u>Grand Canyon State Electric Cooperative, Inc. ("GCSECA"), Jennifer A. Cranston (June 21, 2021)</u></p> <p>GCSECA expressed general support for the Termination of Service Rules and the cooperative-specific provisions in R14-2-214 and R14-2-315. However, GCSECA stated that it believed language excluding the cooperatives from the termination of service reporting requirements for electric and gas utilities in</p>	<p>The reporting requirements in R14-2-215 and R14-2-316 will provide utilities and the Commission with necessary information to evaluate the impacts of the Termination of Service Rules. However, R14-2-212(l) and R14-2-312(l) allow utilities to request waivers from any of the Termination of Service Rules for good cause. Additionally, the Commission believes</p>

<p>R14-2-215 and R14-2-316 was omitted unintentionally. GCSECA further stated that the reporting requirements would create a hardship for cooperatives. GCSECA included proposed language that it requested be added to the Termination of Service Rules that would require periodic reports to be filed only if a cooperative's board of directors determines that the reports are appropriate and in the best interests of its members.</p>	<p>that GCSECA's suggested language changes would result in a rule that would be "substantially different" than the NPRM under A.R.S. § 41-1025.</p> <p>The Commission concludes that no change is needed in response to these comments.</p>
<p><u>Residential Utility Consumer Office ("RUCO"), Daniel Pozefsky (June 21, 2021 and June 28, 2021)</u></p> <p>RUCO expressed concern with the provision in R14-2-211(A)(11), which allows a utility to select one of two conditions under which termination of service will be prohibited. RUCO characterized the provision as an impermissible delegation of the Commission's authority.</p> <p>RUCO also objected to R14-2-211(H)(1), stating that the Commission does not have the authority to prescribe how ratepayers manage their energy use and the rule does not define how compliance would be measured or how the rule would be enforced.</p> <p>In addition, RUCO raised concerns regarding the potential rate impact of the Termination of Service Rules on ratepayers and stated that the cost considerations required more evaluation.</p> <p>RUCO also referred to its prior filings, which it stated remained relevant.</p> <p>On June 28, 2021, RUCO filed a copy of its comments read at the Oral Proceeding on June 28, 2021, which are discussed below.</p>	<p>The Termination of Service Rules include conditions under which a utility is prohibited from terminating residential utility service that already have been approved by the Commission and which currently are being implemented. The option between two sets of weather conditions allows flexibility for application of the rule best-suited for the climate conditions and customers of a utility's service area. This flexibility is not an improper delegation of the Commission's authority because the utilities are provided with two specific options with clear parameters.</p> <p>Ensuring that utility customers are cognizant of their energy usage, especially during the periods when a utility is prohibited from terminating service, is a reasonable expectation. Compliance or enforcement measures are not necessary or appropriate.</p> <p>The Termination of Service Rules include robust reporting requirements in R14-2-215 and R14-2-316 that will allow the Commission and stakeholders to evaluate the financial impact of the rules moving forward. As described in the EIS, all financial impacts cannot be anticipated at this time. The Termination of Service Rules provide for deferred payment arrangements, which will help minimize arrearages for customers and bad debt expense for utilities.</p> <p>The Commission concludes that no change is needed in response to these comments.</p>
<p><b>Oral Comments on Notice of Proposed Rulemaking, Oral Proceeding 6/28/21 and 7/1/21</b></p>	
<p><b>Public Comment</b></p>	<p><b>Commission Response</b></p>
<p><u>Southwest Gas Corporation ("SW Gas"), Carla Kalebuck (June 28, 2021)</u></p> <p>SW Gas expressed support for the Termination of Service Rules pertaining to gas utilities.</p>	<p>The Commission appreciates the supportive comments. No change is needed in response to these comments.</p>
<p><u>Abhay Padgaonkar (June 28, 2021)</u></p>	<p>The Commission has addressed the comments of Mr. Padgaonkar relating to bad debt expense</p>



<p>Mr. Padgaonkar stated that terminating electric service during the summer is inconsistent with the Commission's mandate to protect public health and safety. Mr. Padgaonkar addressed the EIS and the potential impact of bad debt on customer rates. He stated that there will not be a significant impact on rates from the termination of service moratorium. He also expressed concern with the reliability of using National Weather Service heat advisories as a condition under which a utility is prohibited from terminating residential customer service because the advisories are issued for extreme conditions, which will not reliably protect vulnerable customers.</p>	<p>in the written comments section. The Termination of Service Rules as included in the NPRM do not include use of the National Weather Service heat advisory as a condition under which a utility is prohibited from terminating service. No change is needed in response to these comments.</p>
<p><u>RUCO, Daniel Pozefsky (June 28, 2021)</u></p> <p>Similar to its written comments, RUCO expressed disapproval with R14-2-211(A)(11) and the choice it provides to utilities. RUCO stated that one uniform rule should apply to all utilities.</p> <p>RUCO stated that the Termination of Service Rules are likely to increase overall ratepayer arrearages, bad debt expense, and lost revenues. RUCO stated that the Commission should consider how the increase in costs will impact other customer classes, how the costs will be recovered, the financial impact to utilities, and the ability of utilities to provide reliable service.</p> <p>RUCO expressed concern with the information included in the EIS relating to the potential costs and benefits of implementing the Termination of Service Rules. RUCO stated that the EIS did not provide sufficient information on the economic impacts of increasing arrearages and bad debt expense on ratepayers and utilities and did not offer suggestions for addressing bad debt expense in rates, lost revenues, and cost recovery regulatory mechanisms. RUCO acknowledged that the expected costs associated with the Termination of Service Rules was anticipated to be minor.</p> <p>RUCO further stated that the Commission should require utilities to provide customers with "robust and substantial" notification of the Termination of Service Rules.</p> <p>RUCO also stated that it did not oppose the revised definition relating to third party notification but indicated that utilities should provide additional information about it to customers.</p>	<p>The Commission has addressed most of the comments of RUCO in the written comments section. In addition, the Termination of Service Rules provide robust customer protections related to customer notifications of termination of service and the processing of customer complaints and disputes filed with the Commission. These provisions will ensure that customers are provided substantial and timely information regarding their rights under the Termination of Service Rules. No change is needed in response to these comments.</p>
<p><u>Stacey Champion (June 28, 2021)</u></p> <p>Ms. Champion expressed concern with heat-related health impacts and indoor deaths resulting from terminating utility service during high temperature days. Ms. Champion stated that the 95°F threshold was too high, and deaths have occurred when service was disconnected in May when it was less than 95°F. She further objected to allowing utilities to select one of two</p>	<p>The 95°F threshold is based on the best-available information provided to the Commission and as described in the EIS. The standard is protective of public health and considers the financial impact to the public from a prolonged period where termination of service is prohibited. Ms. Champion's concern regarding the provision allowing utilities to</p>

<p>conditions under which termination of service would not be allowed. She also stated that the costs associated with the Termination of Service Rules would be minimal.</p>	<p>select one of two conditions is discussed in response to RUCO's comments above. No change is needed in response to these comments.</p>
<p><u>AARP, Steve Jennings (July 1, 2021)</u></p> <p>Mr. Jennings, a volunteer speaking on behalf of AARP, expressed concerns relating to the ability of a utility to select one of two conditions under which termination of service would not be allowed as provided for in R14-2-211(A)(11) and R14-3-311(A)(12). He stated that there could be confusion for residential customers with both electric and gas utility service, and that there should be one statewide policy to reduce the risk of confusion. In addition, Mr. Jennings stated that AARP supports the requirement that an electric utility cannot terminate service if the customer has a delinquent bill arrearage of \$300 or less. In addition, Mr. Jennings expressed AARP's concern that arrearage balances could accumulate, potentially becoming uncollectible debt for the utility that impacts rates in a future rate case proceeding.</p>	<p>AARP's concern regarding the provision allowing utilities to select one of two conditions, and the potential economic impact of the Termination of Service Rules, is discussed in response to RUCO's comments above. No change is needed in response to these comments.</p>
<p><u>Arizona PIRG Education Fund ("PIRG"), Diane Brown (July 1, 2021)</u></p> <p>Ms. Brown expressed concern with the health and financial impacts on customers of a termination of service prohibition for electric utilities. She stated that there are no data that specify or compare contributing factors other than lack of air conditioning to the number of heat-related incidents. In addition, she stated that the bad debt and uncollectible information included in the EIS is not complete because of the lag in reporting due, in part, to customers entering into payment plans, and thus the Commission does not have adequate information on the financial impact of the 2019 and 2020 summer moratoriums.</p> <p>Ms. Brown also expressed concern with the provisions in R14-2-211(A)(11) that allow a utility to adopt one of two conditions under which the utility would be prohibited from terminating utility service. She stated a preference for using a June 1 to October 15 moratorium instead of a 95°F temperature-based moratorium because if a 95°F standard was used, there are households that would spend more months in a moratorium than not, potentially creating a perpetual debt problem for those customers.</p> <p>Ms. Brown stated that the Commission should focus on reducing ratepayer utility bills because any increase in bad debt expense would be borne by all ratepayers.</p> <p>Ms. Brown also stated the rules should specify that customers will be placed on automatic deferred payment plans of at least six months.</p>	<p>PIRG's concern regarding the provision allowing utilities to select one of two conditions, and the potential economic impact of the Termination of Service Rules, is discussed in response to RUCO's comments above. The Termination of Service Rules require utilities and customers to act in good faith in negotiating a payment plan, which ensures that customers are afforded flexibility to enter into a plan best suited to their circumstances. In addition, R14-2-211(A)(17) and R14-2-311(A)(17) require Class A, B, and C electric and gas utilities to report to the Commission their payment plan policy for residential customers, ensuring that the Commission has the opportunity to evaluate the reasonableness of such policies. No change is needed in response to these comments.</p>

<p><u>Ritch Steven (July 1, 2021)</u></p> <p>Mr. Steven expressed general support for the Termination of Service Rules. He stated that the 95°F temperature threshold specified in R14-2-211(A)(11)(a)(ii) is an improvement over rules currently in place, but a threshold of 90°F would be more favorable with respect to potential heat-related health complications.</p>	<p>The Commission appreciates the supportive comments. The 95°F threshold is based on the best-available information provided to the Commission and as described in the EIS. The standard is protective of public health and considers the financial impact to the public from a prolonged period where termination of service is prohibited. No change is needed in response to these comments.</p>
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12. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

Not applicable.

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

Not applicable.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

Not applicable.

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:

Not applicable.

13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rule:

None.

14. Whether the rule was previously made, amended or repealed as an emergency rule. If so, cite the notice published in the Register as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:

Notice of Emergency Rulemaking: 25 A.A.R. 1798, July 12, 2019

15. The full text of the rules follows:



**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;  
SECURITIES REGULATION**

**CHAPTER 2. CORPORATION COMMISSION - FIXED UTILITIES**

**ARTICLE 2. ELECTRIC UTILITIES**

- R14-2-201. Definitions
- R14-2-208. Provision of Service
- R14-2-211. Termination of Service
- R14-2-212. Administrative and Hearing Requirements
- R14-2-214. Compliance by Electric Cooperatives
- R14-2-215. Termination of Service Reporting Requirements
- R14-2-216. Relief for Heat-Vulnerable Residential Customers

**ARTICLE 3. GAS UTILITIES**

- R14-2-301. Definitions
- R14-2-308. Provision of Service
- R14-2-311. Termination of Service
- R14-2-312. Administrative and Hearing Requirements
- R14-2-315. Compliance by Gas Cooperatives
- R14-2-316. Termination of Service Reporting Requirements

## ARTICLE 2. ELECTRIC UTILITIES

### R14-2-201. Definitions

In this Article, unless the context otherwise requires, the following definitions shall apply. In addition, the definitions contained in Article 16, Retail Electric Competition, shall apply in this Article unless the context otherwise requires.

1. No change
2. No change
3. No change
4. No change
5. No change
6. No change
7. No change
8. No change
9. No change
10. No change
11. "Customer hours" means the product of the duration of the utility outage and the number of customers affected by said outage.
- ~~11-12.~~ No change
- ~~12-13.~~ No change
- ~~13-14.~~ No change
14. "Elderly." A person who is 62 years of age or older.
15. "Electric Service Provider" or "ESP" means an entity supplying, marketing, or brokering at retail any competitive services pursuant to a Certificate of Convenience and Necessity.
- ~~15-16.~~ No change
16. "Handicapped." A person with a physical or mental condition which substantially contributes to the person's inability to manage his or her own resources, carry out activities of daily living, or protect oneself from neglect or hazardous situations without assistance from others.
17. "Illness." A medical ailment or sickness for which a residential customer obtains a verified document from a licensed medical physician stating the nature of the illness and that discontinuance of service would be especially dangerous to the customer's health.
17. "Federal poverty level" means the U.S. federal poverty guideline for the pertinent household size published annually in the Federal Register by the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, and available at <https://aspe.hhs.gov/poverty-guidelines>.
18. "Heat-vulnerable populations" means persons who are more vulnerable to hot weather mortality and morbidity.
- ~~18-19.~~ "Inability to pay." Circumstances where means a circumstance under which a residential customer either:

- a. Cannot pay the full balance of the customer's monthly bill and has attested to and, if requested, has provided documentation issued by an Arizona or U.S. governmental agency or a licensed medical practitioner verifying that the customer meets one of the following:
    - i. Is at least 62 years of age;
    - ii. Has a physical or mental condition that substantially limits the customer's ability to manage resources, carry out activities of daily living, or secure protection from neglect or hazardous situations without assistance from others; or
    - iii. Has a medical condition that makes termination of electric service especially dangerous to the customer's health; or
  - b. Cannot pay the full balance of the customer's monthly bill and meets one of the following as attested to by the residential customer:
    - a-i. Is not gainfully employed and unable to pay;
    - b-ii. Qualifies for monetary government welfare assistance but has not yet begun to receive assistance on the date that he receives his bill and can obtain verification of that fact from the government welfare assistance agency; or
    - e-iii. Has an annual income at or below 200 percent of the federal poverty level and can produce evidence of this; and,
  - d. Signs a declaration verifying that the customer meets one of the above criteria and is either elderly, handicapped, or suffers from illness.
- 19.20. "Interruptible electric service." "Interrupt" or "Interruption" means Electric to cease or the cessation of electric service that is subject to interruption as specified in the utility's tariff to a customer at the point of delivery.
- 20.21. No change
- 21.22. No change
23. "Licensed medical practitioner" means one of the following types of health care providers, actively licensed to practice in Arizona:
- a. An allopathic or osteopathic physician,
  - b. A registered nurse practitioner, or
  - c. A physician assistant.
24. "Limited income" means:
- a. A residential customer with annual household income at or below 250 percent of the federal poverty level; or
  - b. A residential customer with annual household income at or below a percentage of the federal poverty level higher than 250 percent, as established by an electric utility in a Commission-approved tariff.
- 22.25. No change
26. "Low Income Home Energy Assistance Program" or "LIHEAP" means the federally funded program that provides low-income residential customers energy bill assistance.

~~23-27.~~ No change

~~24-28.~~ No change

~~25-29.~~ No change

~~26-30.~~ No change

~~27-31.~~ No change

~~28-32.~~ No change

~~29-33.~~ No change

~~30-34.~~ No change

~~31-35.~~ No change

~~32-36.~~ No change

37. "Preferred method of communication" means the communication method that complies with R14-2-212(K).

~~33-38.~~ No change

~~34-39.~~ No change

~~35-40.~~ No change

41. "Service address" means the physical location at which a utility provides service to a customer.

~~36-42.~~ No change

~~37-43.~~ No change

~~38-44.~~ No change

39-45. "Service reconnect charge." The means the charge as specified in the a utility's tariffs which that must be paid by the a customer prior to restarting of electric service each time the customer's electricity electric service is disconnected terminated for nonpayment or whenever service is discontinued for failure otherwise to comply with the utility's tariffs.

40-46. "Service reestablishment charge." A means the charge as specified in the a utility's tariffs for that must be paid to reinitiate service at the same location where the same customer had ordered a service disconnection termination within the preceding 12-month period.

~~41-47.~~ No change

~~42-48.~~ No change

~~43-49.~~ No change

50. "Terminate" or "Termination" means to discontinue or a discontinuance of electric service to a customer's service address, by intentional action of the utility, and is synonymous with "disconnect" or "disconnection" as used in this Article.

44-51. "Third party notification." A "Third party" means notice sent to an individual or a public an entity or a person authorized by a customer and willing to receive notification of the customer's pending discontinuance termination of service of a customer of record in order and to make arrangements to communicate with the utility on behalf of said the customer satisfactory to the utility for the purpose of making arrangements to prevent termination of the customer's electric service.

~~45-52.~~ No change

53. "Utility Distribution Company" or "UDC" means the utility that operates, constructs, and maintains the distribution system for the delivery of power to a point of delivery on the distribution system.
46. ~~"Weather especially dangerous to health." That period of time commencing with the scheduled termination date when the local weather forecast, as predicted by the National Oceanographic and Administration Service, indicates that the temperature will not exceed 32 degrees Fahrenheit for the next day's forecast. The Commission may determine that other weather conditions are especially dangerous to health as the need arises.~~

**R14-2-208. Provision of Service**

**A. No change**

1. No change
2. No change
3. No change

**B. No change**

1. No change
2. No change
3. No change
4. No change
5. No change

**C. No change**

1. No change
2. No change
3. No change

**D. Service interruptions**

1. No change
2. No change
3. No change
4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers and the Commission's Consumer Services Section, at least 2448 hours in advance, of the scheduled date and time and of the estimated duration of the service interruption. Such A utility shall complete repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.
5. The A utility shall notify the Commission, Commission's Consumer Services Section, shall be notified of any interruption in service affecting the entire a significant portion of a utility's system or any significant portion thereof, as follows:
  - a. The interruption of service and cause shall be reported by telephone to the Commission By telephone or by submitting a Service Interruption Report Form through the Commission's website, within two hours

as soon as practicable after the a responsible representative of the utility becomes aware of said the interruption; and

b. If the initial notice is made by telephone, by submitting a follow-up followed by a written report to the Commission, Commission's Consumer Services Section within 24 hours after the initial notice.

6. A utility's notification made under subsection (D)(5) shall include at least the following:

a. The names of the utility and of the utility representative making the report,

b. The telephone number of the utility representative,

c. The locations and number of customer connections affected by the service interruption,

d. The substations and feeders involved in the service interruption,

e. The date and start and end times of the service interruption,

f. The cause of the service interruption.

7. For purposes of subsection (D)(5), an "interruption in service affecting a significant portion of a utility's system" means:

a. A service interruption of 1,000 customer hours or more for a utility with more than 1,000,000 customer connections,

b. A service interruption of 500 customer hours or more for a utility with 400,000 to 1,000,000 customer connections, and

c. A service interruption of 100 customer hours or more for a utility with fewer than 400,000 customer connections.

E. No change

F. No change

1. No change

2. No change

#### **R14-2-211. Termination of Service**

A. ~~Nonpermissible reasons to disconnect service. Restrictions on termination of service; recordkeeping and repayment requirements~~ A utility may not disconnect service for any of the reasons stated below:

1. ~~Delinquency~~ A utility shall not terminate service to a customer due to delinquency in payment for services rendered to a prior customer at the ~~premises service address~~ where service is being provided, ~~except in the instance where unless~~ the prior customer continues to reside ~~on~~ at the ~~premises service address~~.

2. ~~Failure of the customer~~ A utility shall not terminate service to a customer due to the customer's failure to pay for services or equipment ~~which that~~ are not regulated by the Commission.

3. ~~Nonpayment~~ A utility shall not terminate service to a customer due to the customer's nonpayment of a bill related to another class of service.

4. ~~Failure~~ A utility shall not terminate service to a customer due to the customer's failure to pay ~~for the portion of a bill imposed~~ to correct a previous underbilling due to an inaccurate meter or meter failure, ~~provided that~~ if the customer agrees to pay ~~the portion of the bill attributable to correction of underbilling in full over a~~

- ~~reasonable period of time~~ months agreed to by the customer and the utility. A utility shall comply with R14-2-209(C)(3) and R14-2-210(E)(3) when calculating the underbilling amount to be paid.
5. A utility shall not terminate residential service ~~where the~~ to a customer who has an inability to pay ~~and if the customer establishes, on an annual basis, through documentation from a licensed medical practitioner:~~
- a. ~~The customer can establish through medical documentation that~~ That, in the opinion of a ~~the~~ licensed medical physician ~~practitioner~~, termination would be especially dangerous to the health of a ~~the~~ customer or a permanent resident residing ~~on~~ at the customer's ~~premises~~ service address, or
  - b. ~~Life supporting~~ That there is medically necessary equipment used in the home that is dependent on utility service for operation of such apparatus; or,
  - c. ~~Where weather will be especially dangerous to health as defined or as determined by the Commission.~~
6. ~~Residential service to ill, elderly, or handicapped persons~~ A utility shall not terminate residential service to a customer ~~who have~~ has an inability to pay ~~will not be terminated until the utility has complied with subsection (D) and completed all of the following have been attempted:~~
- a. The utility ~~has informed the customer has been informed~~ of the availability of funds from various government and social assistance agencies ~~of which the utility is aware; and provided the customer the contact information for those agencies;~~
  - b. ~~If a third party has been previously designated by the customer has been notified and has not made arrangements to receive delinquency and termination information, the utility has notified the third party that the customer's bill is delinquent and allowed the third party at least five business days to communicate with the utility and to make arrangements for to pay payment of the outstanding delinquent utility bill;~~
  - c. At least 48 hours before the date upon which termination is scheduled to occur, the utility has:
    - i. ~~Provided at least two written notices of the termination, using the customer's preferred method of communication, to the customer and, if applicable, the customer's designated third party; and~~
    - ii. ~~Telephoned the customer and, if applicable, the customer's designated third party to provide notice of the termination by attempting to speak to the customer, the customer's designated third party, or an adult resident of the customer's service address; or by attempting to leave a voice message.~~
  - d. A utility may partner with local stakeholders; nonprofits; public health agencies at the state, county, and local level; and local community service agencies to provide in-person notice of termination;
  - e. A utility shall keep pace with technological advancements in communication and augment the requirements of this subsection to utilize the most effective means of informing the customer of delinquency and termination; and
  - f. Beginning on April 15, 2022, and on each April 15 thereafter, each regulated Class A, B, and C electric utility that provides residential electric service shall file a report containing the utility's policy for compliance with subsection (A)(6).
7. If a customer, the customer's designated third party, or an adult resident of the customer's service address threatens the utility or a utility employee, the utility shall document the threatening occurrence. A utility



shall maintain documentation of all threatening occurrences related to a customer's account for the entire period during which the customer continues to be a customer and for at least one year after the customer ceases to be a customer.

8. A utility shall retain the records demonstrating its compliance with subsection (A)(6) for at least three years.

7.9. A utility may require a customer utilizing the provisions of whose service is not terminated due to subsection (A)(4) or (A)(5) above may be required to enter into a deferred payment agreement with the utility within 40 seven business days after the scheduled termination date on which service otherwise would have been terminated. A utility shall allow at least a single missed payment or a single partial payment in a 12-month period at the request of the customer without any consequence. If there is more than one missed or partial payment, the payment plan agreement will be considered as breached. If the payment plan is in breach, the current payment plan may be amended, or a new payment plan may be created. Both the utility and the customer have a duty to act in good faith in negotiating a payment plan.

8-10. Disputed bills where A utility shall not terminate service due to a customer's failure to pay the disputed portion of a bill if the customer has complied with the Commission's rules on customer bill disputes R14-2-212(B).

11. A utility shall adopt only one of the following conditions under which it shall not terminate residential service:

a. During any period of time for which the local weather forecast, as predicted by the National Weather Service, indicates that the weather in the area of the customer's service address:

i. Will include temperatures that do not exceed 32° F;

ii. Will include temperatures that exceed 95° F; or

iii. Will include other weather conditions that the Commission has determined, by order, are especially dangerous to health; or

b. During the calendar days of June 1 through October 15 of each year, which shall be specified as non-termination dates in a utility's tariffs.

12. A utility shall specify, in its tariffs, the provision of subsection (A)(11) that the utility has chosen to comply with and shall comply with the provision.

13. If a utility is prohibited from terminating a customer's service under subsection (A)(11)(b) as adopted in its tariff, the utility shall:

a. Notify the customer, using the customer's preferred method of communication, and, if applicable, the customer's designated third party, of:

i. The reason the utility is not permitted to disconnect service.

ii. The expected date on which termination of service will be permissible, and

iii. The customer's responsibilities under subsection (H);

b. Not charge the customer any late fees or assess any interest on any past due amounts that accrue during a period when subsection (A)(11)(b) applies; and



- c. After subsection (A)(11)(b) no longer applies, bill the customer for the past due amounts through installments over a period of months agreed to by the customer and the utility.
14. A utility shall not terminate residential service to a customer unless the utility's call center and office or business facilities are open and available to the public on the day of termination and the day following the day of termination.
15. A utility shall not terminate residential service to a customer if the customer has paid at least half of the customer's delinquent bill balance within the last 25 days or if the customer's delinquent bill balance is less than or equal to \$300.00.
16. If a customer has a deposit with the utility, the utility shall use the deposit to pay any delinquent amount on the customer's account before terminating service and shall allow the customer time to reestablish the deposit in installments over a period of at least six months.
17. Beginning on April 15, 2022, and on each April 15 thereafter, each regulated Class A, B, and C electric utility that provides residential electric service shall file a report containing the utility's payment plan policy for residential customers.
- B. Termination of service without advance written notice; recordkeeping requirement
1. In a competitive marketplace, the Electric Service Provider cannot order a disconnect for nonpayment but can only send a notice of contract cancellation to the customer and the Utility Distribution Company. Utility service may be disconnected. Notwithstanding subsection (A), a utility may terminate service to a customer's service address without advance written notice under the following conditions if:
- The existence of Failure to terminate service would result in an obvious hazard to the safety or health of the consumer customer, or the general population, or the utility's personnel or facilities;
  - The utility has evidence of meter tampering or fraud related to the customer or the customer's service address; or
  - Failure of a The customer has failed to comply with the curtailment procedures imposed by a the utility during supply shortages.
2. The A utility that has terminated service under subsection (B)(1) shall not be required to restore service until the conditions which situation that resulted in the termination have has been corrected to the satisfaction of the utility.
3. Each A utility shall maintain a record of all terminations each termination of service without notice made under subsection (B)(1). This record shall be maintained for a minimum of at least one year and shall be make the record available for inspection by the Commission upon request.
- C. Termination of service with notice
1. In a competitive marketplace, the Electric Service Provider cannot order a disconnect for nonpayment but can only send a notice of contract cancellation to the customer and the Utility Distribution Company. Except as provided in subsection (A), A a utility may disconnect terminate service to any customer a customer's service address for any of the following reasons, reason stated below provided that the utility has met complied with the notice requirements established by the Commission of subsection (D):

- a. Customer violation of any of the utility's tariffs or of the Commission's rules,
  - b. Failure of the customer to pay a delinquent bill for utility service,
  - c. Failure of the customer to meet or maintain the utility's deposit requirements,
  - d. Failure of the customer to provide the utility reasonable access to its the utility's equipment and or property,
  - e. Customer breach of a written contract for service between the utility and customer,
  - f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction, or
  - g. Unauthorized resale of utility equipment or service by the customer.
2. Each A utility shall maintain a record of all terminations each termination of service with notice made under subsection (C)(1). This record shall be maintained for at least one year and shall be make the record available for Commission inspection upon request.
- D. Termination notice requirements**
- 1. No At least 10 days before a utility shall terminate terminates service to any of its customers a customer's service address under subsection (C), the utility shall provide the customer and, if applicable, the customer's designated third party, without providing advance written notice to the customer of the utility's intent to disconnect terminate service, except under those conditions specified where advance written notice is not required.
  - 2. The utility shall provide the advance notice required by subsection (D)(1) by providing a copy of the advance notice to the customer and, if applicable, the customer's designated third party, using the customer's preferred method of communication, or U.S. mail, as provided in R14-2-212(K).
  - 2.3. Such A utility shall include at least advance written notice shall contain, at a minimum, the following information in an advance notice required under subsection (D)(1):
    - a. The name of the person customer whose service is to be terminated and the service address where service is being rendered, to be terminated;
    - b. If service is to be terminated because the customer has violated a utility tariff or Commission rule, the name of the utility tariff or Commission rule violated and an explanation of the violation;
    - b.c. The utility tariff that was violated and explanation thereof or If service is to be terminated because the customer has failed to pay a delinquent bill for utility service, the amount of the delinquent bill which the customer has failed to pay in accordance with the payment policy of the utility, if applicable, and the date payment was due;
    - d. If service is to be terminated because the customer has failed to meet or maintain the utility's deposit requirements, the amount the customer has on deposit and the amount the customer is required to have on deposit;
    - e. If service is to be terminated because the customer has failed to provide the utility reasonable access to the utility's equipment or property, a description of the access required and a description, including dates, of the customer's failure to provide access;

- f. If service is to be terminated because the customer has breached a written contract for service between the customer and the utility, identification of the contract provision breached and a description of the circumstances constituting a breach;
- g. If service is to be terminated because the termination is necessary for the utility to comply with an order of any governmental agency having jurisdiction, a description and, if possible, a copy of the order;
- h. If service is to be terminated because the customer has engaged in unauthorized resale of the utility's equipment or service, a description of the circumstances, including dates, constituting such resale;
- e.i. The date on or after which service may is to be terminated;
- d.j. A statement advising the customer to contact the utility at a specific address or phone number for to receive information regarding any deferred payment program or other procedures which the utility may offer, or to work out reach some other a mutually agreeable solution to avoid termination of the customer's service; and
- e.k. A statement advising the customer that the utility's stated reason for the termination of services may be disputed by contacting the utility at a specific address or phone number, advising the utility of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the utility in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of his right to file a complaint with the Commission. A description of the requirements of subsection (F), along with the specific address for the customer to contact or the phone number for the customer to call to raise a dispute.

3.4. Where applicable If a customer has designated a third party for the customer's account, a utility shall ensure that a copy of the termination notice will be simultaneously forwarded to the designated third parties party is concurrently provided each notice, whether written or telephonic, that is provided to the customer as required by this Section.

**E. Timing of terminations with notice**

1. Each utility shall be required to give at least five days' advance written notice prior to the termination date.
2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
- 3.1. If after the period of time allowed by the advance notice has elapsed, and the delinquent account has not been paid nor arrangements made with the utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, customer has not remedied the cause for termination to the utility's satisfaction, the utility shall provide the customer and, if applicable, the customer's designated third party, a final notice, two days before the termination date specified, using the customer's preferred method of communication. If the customer has not remedied the cause for termination after the two days have passed, and subsection (A) does not apply, the utility may then terminate service on or after the day specified in the final notice without giving further notice.

2. Notwithstanding subsection (E)(1), if a customer's preferred method of communication is U.S. mail, the utility shall allow ten days before terminating service without giving further notice.
4. 3. Service-A utility may only shall comply with subsection (A)(6), if applicable, before it may be disconnected terminate service in conjunction with a personal visit to the premises by an authorized representative of the utility.
5. 4. The A utility shall have the right (but not the obligation) but not the obligation to remove any or all of its equipment or other property installed on the at a customer's premises service address upon the termination of service.

F. Termination notice requirements: disputes. A utility shall ensure that a customer is afforded the right to dispute the utility's stated reason for termination, in accordance with the following:

1. A utility shall maintain a specific address or phone number for customers to use to raise a dispute with the utility.
2. A utility shall notify each customer, subject to termination, and the customer's designated third party, that to dispute the utility's reason for termination, the customer or the customer's designated third party shall contact the utility at the specific address or phone number, before the scheduled date of termination, to advise the utility of the dispute and to discuss the cause for termination with a representative of the utility.
3. If a customer raises a dispute, a utility shall ensure that a representative of the utility, who is empowered to resolve the customer's dispute, discusses the cause for termination with the customer before the scheduled termination date.
4. If a utility determines after discussion with a disputing customer that the reason for termination is just, the utility may terminate service to the customer, unless prohibited by subsection (A).
5. If a utility decides to terminate service to a disputing customer as permitted in subsection (F)(4), the utility shall inform the customer of the termination and of his the customer's right to file a complaint with the Commission.
6. The utility shall not terminate service if the customer has a pending complaint before the Commission.

F.G. Landlord/tenant rule. In situations where If the service address for a customer is rendered at an address different from the mailing address of the for the customer's bill, or where the utility knows that a landlord/tenant relationship exists for the service address and that the landlord is the customer of the utility, and where the landlord as a the utility shall comply with subsections (D) and (E) as well as the following if the customer account becomes would otherwise be subject to disconnection-termination of service under subsection (C), the utility may not disconnect service until the following actions have been taken:

1. Where If it is feasible to so provide service to the service address in the occupant's name, the utility, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for obtain service in his or her own the occupant's name; If the occupant then declines to so subscribe, the utility may disconnect service pursuant to the rules.
2. If the occupant declines to subscribe to service in the occupant's name, the utility may terminate service as permitted under subsections (C) through (E); and

~~2.3. A~~ The utility shall not ~~require or attempt to recover from a tenant~~ require the occupant to pay or condition service to a tenant with the payment of any outstanding bills or other charges due upon ~~on~~ the outstanding account of the landlord.

**H. Customer responsibilities**

1. A customer shall be responsible for managing energy use when a utility is not permitted to terminate service to the customer under subsection (A).
2. A customer shall be financially responsible for any charges accrued for service during a period when a utility is not permitted to terminate service to the customer under subsection (A).
3. A customer shall, after the provision of subsection (A)(1) included in a utility's tariff no longer precludes termination:
  - a. Pay the past due amounts in full; or
  - b. Pay the past due amounts through installments as billed by the utility, with no penalty for prepayment.
4. A customer desiring to dispute a utility's reason for termination shall, before the scheduled date of termination, contact the utility at the specific address or phone number provided in the notice pursuant to subsection (D)(3)(k) to notify the utility of the dispute and discuss the reason for termination with a representative of the utility.

**I. In a competitive marketplace, if a customer's account with an Electric Service Provider becomes delinquent, the Electric Service Provider may not order a disconnect for nonpayment or terminate service to the customer but may only send a notice of contract cancellation to the customer and the Utility Distribution Company.**

**R14-2-212. Administrative and Hearing Requirements**

**A. Customer service complaints**

1. Each utility shall make a full and prompt investigation of ~~all each service complaints~~ complaint made by one of its customers, either whether made directly or through the Commission.
2. The Within five business days after a complaint is made, the utility shall respond to the complainant and, if applicable, to the Commission representative within five working days as to regarding the status of the utility's investigation of the complaint.
3. The utility shall notify the complainant and, if applicable, the Commission representative of the final disposition of each complaint. Upon request of the complainant or the Commission representative, the utility shall report the findings of its investigation in writing.
4. The utility shall inform the customer of ~~his the right of to appeal file an informal complaint to with the Commission, under subsection (C)(1), if the customer is dissatisfied with the results of the utility's investigation or the final disposition of the complaint.~~
5. Each utility shall: ~~keep a record of all written service complaints received which shall contain, at a minimum, the following data:~~
  - a. Create a record of each service complaint received including, at a minimum, the following data:
    - a.i. Name and address of the complainant customer;
    - ii. Service address at issue, if different from the customer's address;



b.iii. Date and nature of the complaint;

e.iv. Disposition of the complaint; and

d.v. A copy of any correspondence between the utility, the customer, and the a Commission representative; and

- b. This record shall be maintained. Maintain each service complaint record for a minimum period of at least one year after final disposition of the complaint and shall be make the record available for inspection by the Commission upon request.

**B. Customer bill disputes**

1. Any A utility customer who disputes a portion of a bill rendered for utility service shall, prior to the due date for the bill, pay the undisputed portion of the bill and notify the utility's designated representative a representative of the utility that such the unpaid amount is in dispute prior to the delinquent date of the bill.
2. Upon receipt of the customer customer's notice of dispute, the utility shall:
  - a. Notify the customer within Within five working business days of the receipt of a written after receiving notice of the dispute notice, provide the customer confirmation that the dispute has been received;
  - b. Initiate a prompt investigation as to of the source of the dispute;
  - c. Withhold disconnection termination of service until the investigation is completed and the customer is has been informed of the results. Upon request of the customer the utility shall report the results of the investigation in writing, of the investigation;
  - d. Notify the customer of the results of the investigation and final disposition of the bill dispute, in writing if requested by the customer; and
  - e. Inform the customer of his the right of to appeal file an informal complaint with to the Commission, under subsection (C)(1), if dissatisfied with the results of the utility's investigation or final disposition.
3. Once the customer has received the results of the utility's investigation and the utility's final disposition, the customer shall, within five business days, submit payment within five working days to the utility for any disputed amounts. Failure to make full payment within five business days shall be grounds for termination of service under R14-2-211(C)(1)(b).

**C. Commission resolution of service and bill disputes**

1. In the event If a customer and utility cannot resolve is dissatisfied with the outcome of a utility's investigation or final disposition of a service or bill dispute, the customer shall may file with the Commission a written statement of dissatisfaction with the Commission; by submitting such notice to the Commission, the customer, which shall be deemed to have filed an informal complaint against the utility.
2. Within 30 days of the receipt of after receiving a written statement of customer dissatisfaction related to a service or bill dispute, an informal complaint against a utility, a designated Commission representative of the Commission shall endeavor attempt to resolve the dispute by correspondence or telephone through communications with the utility and the customer (written or telephonic or both). If resolution of the dispute is not achieved within 20 days of the Commission representative's initial effort, the Commission shall hold

~~an a informal hearing to arbitrate the resolution of mediation regarding the dispute. The informal hearing shall be governed by the following rules, in accordance with the following:~~

a. ~~A Commission representative shall preside over the mediation, and the participants shall be the customer and the utility.~~

a.b. ~~Each party participant may be represented by legal counsel, at the participant's own expense, if desired.~~

b.c. ~~All such informal hearings The mediation may be recorded or held in the presence of a stenographer.~~

e.d. ~~All parties will Each participant shall have the opportunity to present written or oral evidentiary material to support the positions of the individual parties participant's position.~~

d.e. ~~All parties-Each participant shall have the opportunity to cross-examine the other participant, and the Commission's Commission representative shall be given have the opportunity for cross-examination of the various parties to examine each participant.~~

e.f. ~~The Commission's Commission representative will shall render a written decision to all parties the participants within five working business days after the date of the informal hearing conclusion of the mediation. Such The written decision of the arbitrator is Commission representative shall not be binding on the participants, who any of the parties and the parties will still have shall retain the right to make a formal complaint to the Commission.~~

3. The utility may implement normal termination procedures, under R14-2-211(C)(1)(b), if the customer fails to pay all undisputed bills rendered during the resolution of the dispute by the Commission.

4. Each utility shall maintain a record of written statements of dissatisfaction and their resolution for ~~a minimum~~ of at least one year and shall make such records available for Commission inspection upon request.

**D. Notice by utility of responsible officer or agent**

1. Each utility shall file with the Commission, ~~through Docket Control,~~ a written statement containing the name, address (business, residence, and post office mailing), email, and telephone ~~numbers-number~~ (business and residence) of at least one officer, agent, or employee responsible for the general management of its operations as a utility in Arizona.

2. Each utility shall give notice, by filing a written statement with the Commission, ~~through Docket Control,~~ of any change in the information required herein within five business days from the date of any such change.

**E. Time-frames for processing applications for Certificates of Convenience and Necessity**

1. This rule prescribes time-frames for the Commission's processing of any application for a Certificate of Convenience and Necessity ~~issued by the Arizona Corporation Commission~~ filed pursuant to this Article. ~~These time frames shall apply to applications filed on or after the effective date of this rule.~~

2. No change

3. Staff may ~~terminate~~ cease its review of an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

4. After receipt of a corrected application, staff shall notify the applicant within 90 calendar days ~~if that the~~ corrected application is either administratively complete or deficient. If the corrected application is deficient, the notice shall specify all deficiencies. The time frame for administrative completeness review shall be

~~suspended from the time the notice of deficiency is issued until staff determines that the application is complete.~~

5. The time-frame for administrative completeness review shall be suspended from the time a notice of deficiency is issued until staff determines that the application is complete.

5.6. Within 150 days after an application is ~~deemed~~ determined to be administratively complete, the Commission shall approve or reject the application.

6.7. For purposes of A.R.S. § 41-1072 ~~through A.R.S. § 41-1079 et seq.~~, the Commission has established the following time-frames:

- a. Administrative completeness review time-frame: 120 calendar days;
- b. Substantive review time-frame: 150 calendar days; ~~and,~~
- c. Overall time-frame: 270 calendar days.

7.8. If an applicant requests, and is granted, an extension or continuance, the appropriate ~~time-frame~~ time-frames shall be tolled from the date of the request ~~during and for~~ the duration of the extension or continuance.

8.9. During the substantive review time-frame, the Commission may, for good cause, upon its own motion or that of any interested party to the proceeding, ~~request a suspension of~~ suspend the time-frame rules.

#### F. Filing and availability of tariffs

1. Each utility shall file with the Commission, ~~through Docket Control~~ within 120 days after the effective date of new rules or requirements adopted by the Commission, or within a shorter period ordered by the Commission, tariffs which are in compliance that comply with the new rules and regulations promulgated by the Arizona Corporation or requirements adopted by the Commission within 120 days of the effective date of such rules.

2. Each utility shall file with the Commission, ~~through Docket Control~~, any proposed changes to the utility's tariffs on file with the Commission; ~~such proposed changes shall be accompanied by~~, along with a statement of justification supporting the proposed ~~tariff change~~ changes.

3. ~~Any~~ A utility's proposed change to the utility's tariffs on file with the Commission shall not ~~be become~~ effective until reviewed and approved by the Commission, except as provided by law.

4. Each utility shall make its applicable tariffs available on its website and, upon request, either in paper form or in a readily accessible electronic format such as Adobe PDF.

#### G. Accounts and records

1. No change

2. Each utility shall maintain its books and records in conformity with the Uniform Systems of Accounts for Class A, B, C, and D Electric Utilities as adopted and amended by the Federal Energy Regulatory Commission or, for electric cooperatives, as promulgated by the Rural Utilities Service.

3. ~~A~~ Each utility shall produce or deliver in this state any or all of its formal accounting records and related documents requested by the Commission. ~~It A utility may~~, at its option, provide verified copies of original records and documents rather than produce the originals.



4. ~~All utilities~~ Each utility shall submit an annual report to the Commission, through the Compliance Section, Utilities Division, on a form prescribed by ~~the Utilities Division~~. The annual report shall be filed on or before the 15th day of April for the preceding calendar year. ~~Reports If the utility has received a report on the utility prepared by a certified or licensed public accountant on the utility, if any, the utility shall accompany the~~ include a copy of the report with its annual report submission.
5. Each utility shall submit to the Commission, through the Utilities Division, a copy of all reports the utility is required to file with the Securities and Exchange Commission.
- 5.6. ~~All utilities~~ Each utility shall ~~file with~~ submit to the Commission, through the Compliance Section, Utilities Division, a copy of all annual reports the utility is required to file with ~~by~~ the Federal Energy Regulatory Commission and, in addition, for electric cooperatives, each annual reports report the utility is required by to file with the Rural Utilities Service.
- H. Maps. ~~All utilities~~ Each utility shall file with the Commission, ~~through Docket Control,~~ a map or maps clearly setting forth the location and extent of the area or areas ~~they hold under~~ included within the utility's approved certificates of convenience and necessity, in accordance with the Cadastral (Rectangular) Survey of the United States Bureau of Land Management, or by metes and bounds with a starting point determined by the aforesaid Cadastral Survey.
- I. Variations, exemptions of Commission rules ~~and regulations.~~ Variations ~~The Commission may, by order, approve variations or exemptions from the terms and requirements of any of the rules included herein (14 A.A.C. 2, in this Article 2) shall be considered upon the verified either upon application of an affected party to the Commission setting forth the circumstances whereby establishing that the public interest requires such variation or exemption from the Commission rules and regulations or upon determining, on its own initiative, that such variation or exemption is necessary to serve the public interest. Such application will be subject to the review of the Commission, and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and regulations and an approved tariff or order of the Commission, the provisions of the approved tariff or order shall apply.~~
- J. No change
- K. A utility shall obtain and maintain for each customer the customer's preferred method of communication, which may be email, U.S. mail, voice telephone call, text message, or other communication method acceptable to the utility and the customer. Except as otherwise specified in this Article, a utility shall communicate with a customer and the customer's designated third party using the customer's preferred method of communication. If a utility does not yet have a customer's preferred method of communication on file, the utility may use the U.S. mail.

**R14-2-214. Compliance by Electric Cooperatives**

- A. The terms and conditions for termination of service, including customer notice, in an electric cooperative's tariff approved by the Commission prior to the effective date of this Section shall substitute for the provisions of R14-2-211.
- B. Notwithstanding R14-2-212(F), an electric cooperative that proposes to revise the terms and conditions for termination of service included in its Commission-approved tariff shall file the proposed revisions with the

Commission, in a new docket, pursuant to R14-2-212(I). If the Commission fails to approve, disapprove, or suspend for further consideration the proposed revisions within 60 days following the cooperative's filing, the revisions shall be deemed approved and become effective on the 61st day following the filing.

**R14-2-215. Termination of Service Reporting Requirements**

Beginning on April 15, 2022, and on each July 15, October 15, January 15, and April 15 thereafter, each regulated Class A, B, and C electric utility that provides residential electric service shall file a quarterly report providing the following information for each month of the previous quarter:

1. The number of residential customers whose electric service was terminated by zip code, and, if termination of service was prohibited under R14-2-211(A)(1) and the utility's tariffs, the number of residential accounts that would have been subject to termination if not for the prohibition;
2. The number of residential customers by zip code who have payment arrearages;
3. The total dollar amount of arrearages, by zip code;
4. The average dollar amount in arrearages per residential customer, by residential customer rate plan;
5. The number of commercial customers by zip code whose electric service was terminated;
6. The number of commercial customers by zip code who have payment arrearages;
7. The average amount in arrearages per commercial customer, by commercial class;
8. The number of residential accounts enrolled in a deferred payment arrangement and the number of those residential accounts in compliance with the deferred payment arrangement;
9. The number of active and delinquent residential accounts with an arrearage of \$100 or more, disaggregated into "limited-income" accounts, "accounts with documentation from a licensed medical practitioner," and "other residential accounts";
10. The percentage of limited-income customers in arrears who have received customer assistance due to inability to pay in the most recent quarter;
11. The number of active and delinquent residential accounts with an arrearage of \$100 or more, disaggregated into "limited-income" accounts, "accounts with documentation from a licensed medical practitioner," and "other residential accounts," and further disaggregated to show the duration of the arrearages (up to 30 days, 30 to 60 days, and 60 to 90 days);
12. A brief narrative discussing the information contained in the report; and
13. A description of how the utility is assisting customers who indicate they may have an inability to pay, including details regarding the specific steps taken to direct the customers to appropriate resources, and including the following metrics:
  - a. Number of calls received from residential customers asking for bill assistance during the most recent quarter;
  - b. Number of customers notified about tariffs for limited-income customers, or other available tariffs, as of the most recent quarter;
  - c. Cumulative number of customers enrolled in limited-income tariffs, or other available tariffs, as of that most recent quarter;

- d. Cumulative number of customers receiving assistance through the Low-Income Home Energy Assistance Program of that most recent quarter; and
- e. Number of customers notified of energy efficiency and weatherization options during that most recent quarter.

**R14-2-216. Relief for Heat-Vulnerable Residential Customers**

- A. Each utility shall participate and collaborate in good faith with stakeholders; nonprofits; public health agencies at the state, county, and local level; and local community service agencies to address issues facing heat-vulnerable populations.
- B. Each utility shall propose and implement one or more programs targeting heat-vulnerable populations to address heat-related safety concerns.
- C. Each utility shall communicate with public health agencies at the state, county, and local level; and local community service agencies to obtain the information needed to comply with subsection (B) and to coordinate on the creation and potentially the administration of the program or programs required by subsection (B).
- D. If a utility provides funding to support one or more programs targeting heat-vulnerable populations to address heat-related safety concerns, the utility may, in its next rate case or demand-side management tariff, request recovery of those costs. Recovery of the costs requested by a utility shall be allowed only if the Commission determines that the costs are prudent.

**ARTICLE 3. GAS UTILITIES**

**R14-2-301. Definitions**

In this Article, unless the context otherwise requires, the following definitions shall apply:

- 1. No change
- 2. No change
- 3. No change
- 4. No change
- 5. No change
- 6. No change
- 7. No change
- 8. No change
- 9. No change
- 10. No change
- 11. No change
  - a. No change
  - b. No change
  - c. No change
- 12. No change
- 13. No change

14. No change
15. No change
16. No change
17. No change
18. ~~"Elderly." A person who is 62 years of age or older.~~
19. ~~"Handicapped." A person with a physical or mental condition which substantially contributes to the person's inability to manage his or her own resources, carry out activities of daily living, or protect oneself from neglect or hazardous situations without assistance from others.~~
20. ~~"Illness." A medical ailment or sickness for which a residential customer obtains a verifiable document from a licensed medical physician stating the nature of the illness and that discontinuance of service would be especially dangerous to the customer's health in the opinion of a licensed medical physician.~~
18. "Federal poverty level" means the U.S. federal poverty guideline for the pertinent household size published annually in the Federal Register by the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, and available at <https://aspe.hhs.gov/poverty-guidelines>.
- 21-19. "Inability to pay." Circumstances where means a circumstance under which a residential customer either:
- a. Cannot pay the full balance of the customer's monthly bill and has attested to and, if requested, has provided documentation issued by an Arizona or U.S. governmental agency or a licensed medical practitioner verifying that the customer meets one of the following:
    - i. Is at least 62 years of age;
    - ii. Has a physical or mental condition that substantially limits the customer's ability to manage resources, carry out activities of daily living, or secure protection from neglect or hazardous situations without assistance from others; or
    - iii. Has a medical condition that makes termination of gas service especially dangerous to the customer's health; or
  - b. Cannot pay the full balance of the customer's monthly bill and meets one of the following as attested to by the residential customer:
    - a.i. Is not gainfully employed and unable to pay;
    - b.ii. Qualifies for monetary government welfare assistance but has not yet begun to receive assistance on the date that he receives his bill and can obtain verification of that fact from the government welfare assistance agency; or
    - e.iii. Has an annual income at or below 200 percent of the federal poverty level and can produce evidence of this; and,
  - d. Signs a declaration verifying that the customer meets one of the above criteria and is either elderly, handicapped, or suffers from illness.
- 22-20 "Interruptible electric service." "Interrupt" or "Interruption" means Gas to cease or the cessation of gas service that is subject to interruption as specified in the utility's tariff to a customer at the point of delivery.

21. "Licensed medical practitioner" means one of the following types of health care providers, actively licensed to practice in Arizona:
- a. An allopathic or osteopathic physician.
  - b. A registered nurse practitioner, or
  - c. A physician assistant.
22. "Limited income" means:
- a. A residential customer with annual household income at or below 250 percent of the federal poverty level; or
  - b. A residential customer with annual household income at or below a percentage of the federal poverty level higher than 250 percent, as established by a gas utility in a Commission-approved tariff.
23. "Low Income Home Energy Assistance Program" or "LIHEAP" means the federally funded program that provides low-income residential customers energy bill assistance.
- ~~23-24.~~ No change
- ~~24-25.~~ No change
- ~~25-26.~~ No change
- ~~26-27.~~ No change
- ~~27-28.~~ No change
- ~~28-29.~~ No change
- ~~29-30.~~ No change
- ~~30-31.~~ No change
- ~~31-32.~~ No change
- ~~32-33.~~ No change
34. "Preferred method of communication" means the communication method that complies with R14-2-312(K).
- ~~33-35.~~ No change
- ~~34-36.~~ No change
- ~~35-37.~~ No change
- ~~36-38.~~ No change
39. "Service address" means the physical location at which a utility provides service to a customer.
- ~~37-40.~~ No change
- ~~39-41.~~ No change
- ~~38-42.~~ No change
- ~~40-43.~~ "Service reconnect charge." A means the charge as specified in the a utility's tariffs which that must be paid by the a customer prior to restarting of-gas service each time the customer's gas service is disconnected terminated for nonpayment or whenever service is discontinued for failure otherwise to comply with the utility's tariffs.

~~41.44.~~ "Service reestablishment charge." A means the charge as specified in the a utility's tariffs for that must be paid to reinitiate service at the same location where the same customer had ordered a service disconnection termination within the preceding 12-month period.

~~42.45.~~ No change

~~43.46.~~ No change

~~44.47.~~ No change

~~45.48.~~ No change

~~49.~~ "Terminate" or "Termination" means to discontinue or a discontinuance of gas service to a customer's service address, by intentional action of the utility, and is synonymous with "disconnect" or "disconnection" as used in this Article.

~~46.50.~~ No change

~~47.51.~~ "Third-party notice." A "Third party" means notice sent to an individual or a public an entity or a person authorized by a customer and willing to receive notification of the customer's pending discontinuance termination of service of a customer of record in order and to make arrangements to communicate with the utility on behalf of said the customer satisfactory to the utility for the purpose of making arrangements to prevent termination of gas service.

~~48.52.~~ No change

~~49.~~ "Weather especially dangerous to health." That period of time commencing with the scheduled termination date when the local weather forecast, as predicted by the National Oceanographic and Administration Service, indicates that the temperature will not exceed 32 degrees Fahrenheit for the next day's forecast. The Commission may determine that other weather conditions are especially dangerous to health as the need arises.

#### **R14-2-308. Provision of Service**

##### **A. No change**

1. No change

2. No change

3. Each utility may, at its option, refuse service until the customer's pipes and appliances have been tested and found to be safe, free from leaks, and in good operating condition. Proof of such testing shall be in the form of a certificate executed by a licensed plumber of or local inspector, certifying that the customer's facilities have been tested and are in safe operating condition.

4. No change

##### **B. No change**

1. No change

2. No change

3. No change

4. No change

5. No change



C. Continuity of service. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:

1. Any cause ~~against which~~ that the utility could not have reasonably foreseen or made provision for, ~~i.e., such as~~ as force majeure;
2. Intentional service interruptions to make repairs or perform routine maintenance; or
3. Curtailment.

D. No Change

E. Service Interruptions

1. No change
2. No change
3. No change
4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers and the Commission's Consumer Services Section, at least 24 ~~48~~ hours in advance, of the scheduled date and time and of the estimated duration of the service interruption. ~~Such~~ A utility shall complete repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.
5. ~~The Commission shall be notified of interruptions in service affecting the entire system or any major division thereof. The interruption of service and cause shall be reported within one hour after the responsible representative of the utility becomes aware of said interruption by telephone to the Commission and followed by a written report to the Commission.~~

F. No Change

G. No Change

1. No change
2. No change

H. No Change

#### R14-2-311. Termination of service

A. ~~Nonpermissible reasons to disconnect service. Restrictions on termination of service, recordkeeping and repayment~~ A utility may not disconnect service for any of the reasons stated below:

1. ~~Delinquency~~ A utility shall not terminate service to a customer due to delinquency in payment for services rendered to a prior customer at the premises service address where service is being provided, except in the instance where unless the prior customer continues to reside on at the premises service address.
2. ~~Failure of the customer~~ A utility shall not terminate service to a customer due to the customer's failure to pay for services or equipment which that are not regulated by the Commission.
3. ~~Nonpayment~~ A utility shall not terminate service to a customer due to the customer's nonpayment of a bill related to another class of service.

4. ~~Failure~~ A utility shall not terminate service to a customer due to the customer's failure to pay for the portion of a bill imposed to correct a previous underbilling due to an inaccurate meter or meter failure, provided that if the customer agrees to pay the portion of the bill attributable to correction of underbilling in full over a reasonable period of time months agreed to by the customer and the utility. A utility shall comply with R14-2-309(C)(3) and R14-2-310(E) when calculating the underbilling amount to be paid.
5. A utility shall not terminate residential service where the to a customer who has an inability to pay if the customer establishes, on an annual basis, through documentation from a licensed medical practitioner:
  - a. ~~The customer can establish through medical documentation that~~ That, in the opinion of a the licensed medical physician practitioner, termination would be especially dangerous to the health of a customer or a permanent resident residing on at the customer's premises service address health, or
  - b. Life-supporting That there is medically necessary equipment used in the home that is dependent on utility service for operation of such apparatus, or,
  - c. ~~Where weather will be especially dangerous to health as defined or as determined by the Commission.~~
6. Residential service to ill, elderly, or handicapped persons A utility shall not terminate residential service to a customer who have has an inability to pay will not be terminated until the utility has complied with subsection (D) and completed all of the following have been attempted:
  - a. The customer utility has been informed the customer of the availability of funds from various government and social assistance agencies;
  - b. A If a third party, has been previously designated by the customer has been notified and has not made arrangements to receive delinquency and termination information, the utility has notified the third party that the customer's bill is delinquent and allowed the third party at least five business days to communicate with the utility and to make arrangements for to pay payment of the outstanding delinquent utility bill;
  - c. At least 48 hours before the date upon which termination is scheduled to occur, the utility has:
    - i. Provided at least two written notices of the termination, using the customer's preferred method of communication, to the customer and, if applicable, the customer's designated third party; and
    - ii. Telephoned the customer and, if applicable, the customer's designated third party to provide notice of the termination by attempting to speak to the customer, the customer's designated third party, or an adult resident of the customer's service address; or by attempting to leave a voice message.
  - d. A utility may partner with local stakeholders; nonprofits; public health agencies at the state, county, and local level; and local community service agencies to provide in-person notice of termination;
  - e. A utility shall keep pace with technological advancements in communication and augment the requirements of this subsection to utilize the most effective means of informing the customer of delinquency and termination; and
  - f. Beginning on April 15, 2022, and on each April 15 thereafter, each regulated Class A, B, and C gas utility that provides residential gas service shall file a report containing the utility's policy for compliance with subsection (A)(6).

7. If a customer, the customer's designated third party, or an adult resident of the customer's service address threatens the utility or a utility employee, the utility shall document the threatening occurrence. A utility shall maintain documentation of all threatening occurrences related to a customer's account for the entire period during which the customer continues to be a customer and for at least one year after the customer ceases to be a customer.
8. A utility shall retain the records demonstrating its compliance with subsection (A)(6) for at least three years.
- 7.9. A utility may require a customer utilizing the provisions of whose service is not terminated under subsection (A)(5)(4) or (A)(6)(5) may be required to enter into a deferred payment agreement with the utility within 10 days after the scheduled termination date on which service otherwise would have been terminated. A utility shall allow at least a single missed payment or a single partial payment in a 12-month period at the request of the customer without any consequence. If there is more than one missed or partial payment, the payment plan agreement will be considered as breached. If the payment plan is in breach, the current payment plan may be amended, or a new payment plan may be created. Both the utility and the customer have a duty to act in good faith in negotiating a payment plan.
- 8.10. Failure A utility shall not terminate service to a customer's service address due to the customer's failure to pay the bill of another customer as guarantor thereof.
- 9.11. Disputed bills where A utility shall not terminate service due to a customer's failure to pay the disputed portion of a bill if the customer has complied with the Commission's rules on customer bill disputes R14-2-312(B).
12. A utility shall adopt only one of the following conditions under which it shall not terminate residential service:
  - a. During any period of time for which the National Weather Service has issued a winter weather advisory in the area of the customer's service address; or
  - b. During any period of time for which the local weather forecast, as predicted by the National Weather Service, indicates that the weather in the area of the customer's service address:
    - i. Will include temperatures that do not exceed 32° F; or
    - ii. Will include other weather conditions that the Commission has determined, by order, are especially dangerous to health;
13. A utility shall specify, in its tariffs, the provision of subsection (A)(12) that the utility has chosen to comply with, and shall comply with the provision.
14. A utility shall not terminate residential service to a customer unless the utility's call center and office or business facilities are open and available to the public on the day of termination and the day following the day of termination.
15. A utility shall not terminate residential service to a customer if the customer has paid at least half of the customer's delinquent bill balance within the last 25 days or if the customer's delinquent bill balance is less than or equal to \$100.00.

16. If a customer has a deposit with a utility, the utility shall use the deposit to pay any delinquent amount on the customer's account before terminating service and shall allow the customer time to reestablish the deposit in installments over a period of at least four months.
  17. Beginning on April 15, 2022, and on each April 15 thereafter, each regulated Class A, B, and C gas utility that provides residential gas service shall file a report containing the utility's payment plan policy for residential customers.
- B. Termination of service without advance written notice; recordkeeping requirement**
1. Utility service may be disconnected. Notwithstanding subsection (A), a utility may terminate service to a customer's service address without advance written notice under the following conditions if:
    - a. The existence of Failure to terminate service would result in an obvious hazard to the safety or health of the consumer, customer, or the general population, or the utility's personnel or facilities;
    - b. The utility has evidence of meter tampering or fraud related to the customer or the customer's service address; or
    - c. Failure of a The customer has failed to comply with the curtailment procedures imposed by a the utility during supply shortages.
  2. The A utility that has terminated service under subsection (B)(1) shall not be required to restore service until the conditions which situation that resulted in the termination have has been corrected to the satisfaction of the utility.
  3. Each A utility shall maintain a record of all terminations each termination of service without notice made under subsection (B)(1). This record shall be maintained for a minimum of at least one year and shall be make the record available for inspection by the Commission upon request.
- C. Termination of service with notice**
1. A Except as provided in subsection (A), a utility may disconnect terminate service to any customer a customer's service address for any reason stated below of the following reasons, provided that the utility has met complied with the notice requirements established by the Commission of subsection (D):
    - a. Customer violation of any of the utility's tariffs or of the Commission's rules;
    - b. Failure of the customer to pay a delinquent bill for utility service;
    - c. Failure of the customer to meet or maintain the utility's deposit requirements;
    - d. Failure of the customer to provide the utility reasonable access to its the utility's equipment and or property;
    - e. Customer breach of a written contract for service between the utility and customer;
    - f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction; or
    - g. Unauthorized resale of utility equipment or service by the customer.
  2. Each A utility shall maintain a record of all terminations each termination of service with notice made under subsection (C)(1). This record shall be maintained for at least one year and shall be make the record available for Commission inspection upon request.

D. Termination notice requirements

1. ~~No~~ At least 10 days before a utility shall terminate ~~terminates~~ service to any of its customers a customer's ~~service address under subsection (C), the utility shall provide the customer without providing advance written notice to the customer of the utility's intent to disconnect~~ terminate service, except under these conditions specified where advance written notice is not required.
2. The utility shall provide the advance notice required by this subsection (D)(1) by providing a copy of the advance notice to the customer and, if applicable, the customer's designated third party, using the customer's preferred method of communication, or U.S. mail, as provided in R14-2-312(K).
- 2.3. ~~Such~~ A utility shall include at least advance written notice shall contain, at a minimum, the following information in an advance notice required under subsection (D)(1):
  - a. The name of the person customer whose service is to be terminated and the service address where service is being rendered, to be terminated;
  - b. If service is to be terminated because the customer has violated a utility tariff or Commission rule, the name of the utility tariff or Commission rule violated and an explanation of the violation;
  - b.c. The utility tariff that was violated and explanation thereof or If service is to be terminated because the customer has failed to pay a delinquent bill for utility service, the amount of the delinquent bill which the customer has failed to pay in accordance with the payment policy of the utility, if applicable, and the date payment was due;
  - d. If service is to be terminated because the customer has failed to meet or maintain the utility's deposit requirements, the amount the customer has on deposit and the amount the customer is required to have on deposit;
  - e. If service is to be terminated because the customer has failed to provide the utility reasonable access to the utility's equipment or property, a description of the access required and a description, including dates, of the customer's failure to provide access;
  - f. If service is to be terminated because the customer has breached a written contract for service between the customer and the utility, identification of the contract provision breached and a description of the circumstances constituting a breach;
  - g. If service is to be terminated because the termination is necessary for the utility to comply with an order of any governmental agency having jurisdiction, a description and, if possible, a copy of the order;
  - h. If service is to be terminated because the customer has engaged in unauthorized resale of the utility's equipment or service, a description of the circumstances, including dates, constituting such resale;
  - e.i. The date on or after which service may is to be terminated;
  - d.j. A statement advising the customer that the utility's stated reason for the termination of services may be disputed by contacting to contact the utility at a specific address or phone number advising the utility of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the utility in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service after affording



this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of this right to file a complaint with the Commission, to receive information regarding any deferred payment program or other procedures the utility may offer, or to reach a mutually agreeable solution to avoid termination of the customer's service; and

k. A description of the requirements of subsection (F), along with the specific address for the customer to contact or the phone number for the customer to call to raise a dispute.

3.4. Where applicable If a customer has designated a third party for the customer's account, a utility shall ensure that a copy of the termination notice will be simultaneously forwarded to the designated third parties party is concurrently provided each notice, whether written or telephonic, that is provided to the customer as required by this Section.

**E. Timing of terminations with notice**

1. Each utility shall be required to give at least five days' advance written notice prior to the termination date.  
2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.

3.1. If after the period of time allowed by the advance notice has elapsed, and the delinquent account has not been paid nor arrangements made with the utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, customer has not remedied the cause for termination to the utility's satisfaction, the utility shall provide the customer and, if applicable, the customer's designated third party, a final notice, two days before the termination date specified, using the customer's preferred method of communication. If the customer has not remedied the cause for termination after the two days have passed, and subsection (A) does not apply, the utility may then terminate service on or after the day specified in the final notice without giving further notice.

2. Notwithstanding subsection (E)(1), if a customer's preferred method of communication is U.S. mail, the utility shall allow ten days before terminating service without giving further notice.

4.3. Service-A utility may only shall comply with subsection (A)(6), if applicable, before it may be disconnected terminate service in conjunction with a personal visit to the premises by an authorized representative of the utility.

5.4. The A utility shall have the right (but not the obligation) but not the obligation to remove any or all of its equipment or other property installed on the at a customer's premises service address upon the termination of service.

**F. Termination notice requirements: disputes. A utility shall ensure that a customer is afforded the right to dispute the utility's stated reason for termination, in accordance with the following:**

1. A utility shall maintain a specific address or phone number for customers to use to raise a dispute with the utility.

2. A utility shall notify each customer subject to termination, and the customer's designated third party, that to dispute the utility's reason for termination, the customer or the customer's designated third party shall contact



the utility at the specific address or phone number, before the scheduled date of termination, to advise the utility of the dispute and to discuss the cause for termination with a representative of the utility.

3. If a customer raises a dispute, a utility shall ensure that a representative of the utility, who is empowered to resolve the customer's dispute, discusses the cause for termination with the customer before the scheduled termination date.
4. If a utility determines after discussion with a disputing customer that the reason for termination is just, the utility may terminate service to the customer, unless prohibited by subsection (A).
5. If a utility decides to terminate service to a disputing customer as permitted in subsection (F)(4), the utility shall inform the customer of the termination and of the customer's right to file a complaint with the Commission.
6. The utility shall not terminate service if the customer has a pending complaint before the Commission.

F.G. Landlord/tenant rule. In situations where If the service address for a customer is rendered at an address different from the mailing address of the for the customer's bill, or where the utility knows that a landlord/tenant relationship exists for the service address and that the landlord is the customer of the utility, and where the landlord as a the utility shall comply with subsections (D) and (E) as well as the following if the customer account becomes would otherwise be subject to disconnection termination of service under subsection (C), the utility may not disconnect service until the following actions have been taken:

1. Where If it is feasible to so provide service to the service address in the occupant's name, the utility, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for obtain service in his or her own the occupant's name; If the occupant then declines to so subscribe, the utility may disconnect service pursuant to the rules.
2. If the occupant declines to subscribe to service in the occupant's name, the utility may terminate service as permitted under subsections (C) through (E); and
- 2.3. A The utility shall not require or attempt to recover from a tenant or condition service to a tenant with the payment of require the occupant to pay any outstanding bills or other charges due upon on the outstanding account of the landlord.

#### H. Customer responsibilities

1. A customer shall be responsible for managing therm use when a utility is not permitted to terminate service to the customer under subsection (A).
2. A customer shall be financially responsible for any charges accrued for service during a period when a utility is not permitted to terminate service to the customer under subsection (A).
3. A customer shall, after the provision of subsection (A)(12) included in a utility's tariff no longer precludes termination:
  - a. Pay the past due amounts in full; or
  - b. Pay the past due amounts through installments as billed by the utility, with no penalty for prepayment.
4. A customer desiring to dispute a utility's reason for termination shall, before the scheduled date of termination, contact the utility at the specific address or phone number provided in the notice pursuant to

subsection (D)(3)(k) to notify the utility of the dispute and discuss the reason for termination with a representative of the utility.

#### **R14-2-312. Administrative and Hearing Requirements**

##### **A. Customer service complaints**

1. Each utility shall make a full and prompt investigation of all ~~each service complaints~~ complaint made by one of its customers, ~~either whether made~~ directly or through the Commission.
2. ~~The~~ Within five business days after a complaint is made, the utility shall respond to the complainant and/or and, if applicable, to the Commission representative within five working days as to regarding the status of the utility's investigation of the complaint.
3. The utility shall notify the complainant ~~and/or and, if applicable,~~ the Commission representative of the final disposition of each complaint. Upon request of the complainant or the Commission representative, the utility shall report the findings of its investigation in writing.
4. The utility shall inform the customer of ~~his~~ the right of to appeal file an informal complaint to with the Commission, under subsection (C)(1), if the customer is dissatisfied with the results of the utility's investigation or the final disposition of the complaint.
5. Each utility shall: ~~keep a record of all written service complaints received which shall contain, at a minimum, the following data:~~
  - a. Create a record of each service complaint received including, at a minimum, the following data:
    - a-i. Name and address of the ~~complainant~~ customer;
    - ii. Service address at issue, if different from the customer's address;
    - b-iii. Date and nature of the complaint;
    - e-iv. Disposition of the complaint; and
    - d-v. A copy of any correspondence between the utility, the customer, ~~and/or and the~~ a Commission representative; and
  - b. ~~This record shall be maintained~~ Maintain each service complaint record for a minimum period of at least one year after final disposition of the complaint and shall be make the record available for inspection by the Commission upon request.

##### **B. Customer bill disputes**

1. ~~Any A~~ A utility customer who disputes a portion of a bill rendered for utility service shall, prior to the due date for the bill, pay the undisputed portion of the bill and notify the utility's designated representative a representative of the utility that such the unpaid amount is in dispute prior to the delinquent date of the bill.
2. Upon receipt of the customer notice of dispute, the utility shall:
  - a. ~~Notify the customer within~~ Within five working business days of the receipt of a written after receiving notice of the dispute notice, provide the customer confirmation that the dispute has been received;
  - b. Initiate a prompt investigation as to ~~of~~ the source of the dispute;

- c. ~~Withhold disconnection termination of service until the investigation is completed and the customer is~~  
has been informed of the results. Upon request of the customer the utility shall report the results of the  
investigation in writing of the investigation;
  - d. Notify the customer of the results of the investigation and final disposition of the bill dispute, in writing  
if requested by the customer; and
  - d.e. Inform the customer of his the right of to appeal file an informal complaint with the Commission, under  
subsection (C)(1), if dissatisfied with the results of the utility's investigation or final disposition.
3. Once the customer has received the results of the utility's investigation, the customer shall, within five  
business days, submit payment within five working days to the utility for any disputed amounts. Failure to  
make full payment within five business days shall be grounds for termination of service under R14-2-  
311(C)(1)(b).
- C. Commission resolution of service and/or and bill disputes
- 1. ~~In the event If a customer and utility cannot resolve is dissatisfied with the outcome of a utility's investigation~~  
or final disposition of a service and/or or bill dispute, the customer shall may file with the Commission a  
written statement of dissatisfaction with the Commission; by By submitting such notice to the Commission,  
the customer, which shall be deemed to have filed an informal complaint against the utility.
  - 2. ~~Within 30 days of the receipt of after receiving a written statement of customer dissatisfaction related to a~~  
service or bill dispute an informal complaint against the utility, a designated Commission representative of  
the Commission shall endeavor attempt to resolve the dispute by correspondence and/or telephone through  
communications with the utility and the customer (written or telephonic or both). If resolution of the dispute  
is not achieved within 20 days of the Commission representative's initial effort, the Commission shall hold  
an a informal hearing to arbitrate the resolution of mediation regarding the dispute. The informal hearing  
shall be governed by the following rules, in accordance with the following:
    - a. A Commission representative shall preside over the mediation, and the participants shall be the customer  
and the utility.
    - a.b. Each party participant may be represented by legal counsel, at the participant's own expense, if desired.
    - b.c. ~~All such informal hearings~~ The mediation may be recorded or held in the presence of a stenographer.
    - c.d. ~~All parties will~~ Each participant shall have the opportunity to present written or oral evidentiary material  
to support the positions of the individual parties participant's position.
    - d.e. ~~All parties~~ Each participant shall have the opportunity to cross-examine the other participant, and the  
Commission's Commission representative shall be given have the opportunity for cross-examination of  
the various parties to examine each participant.
    - e.f. The Commission's representative will shall render a written decision to all parties within five working  
business days after the date of the informal hearing. Such The written decision of the arbitrator  
Commission's representative is not binding on any of the parties, and the parties will still have shall  
retain the right to make a formal complaint to the Commission.

3. The utility may implement normal termination procedures, under R14-2-311(C)(1)(b), if the customer fails to pay all undisputed bills rendered during the resolution of the dispute by the Commission.
4. Each utility shall maintain a record of written statements of dissatisfaction and their resolution for ~~a minimum~~ of at least one year and shall make such records available for Commission inspection upon request.

D. Notice by utility of responsible officer or agent

1. Each utility shall file with the Commission a written statement containing the name, address (business, ~~residence,~~ and ~~post-office-mailing~~), email, and telephone ~~numbers-number~~ (business ~~and residence~~) of at least one officer, agent, or employee responsible for the general management of its operations as a utility in Arizona.
2. Each utility shall give notice, by filing a written statement with the Commission, of any change in the information required herein within five business days from the date of any such change.

E. Time-frames for processing applications for Certificates of Convenience and Necessity

1. This rule prescribes time-frames for the Commission's processing of any application for a Certificate of Convenience and Necessity ~~issued by the Arizona Corporation Commission~~ filed pursuant to this Article. ~~These time-frames shall apply to applications filed on or after the effective date of this rule.~~
2. Each utility shall give notice, by filing a written statement with the Commission, of any change in the information required herein within five business days from the date of any such change.
3. Staff may ~~terminate~~ cease its review of an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.
4. After receipt of a corrected application, staff shall notify the applicant within 30 calendar days ~~if that the corrected application is either administratively complete or deficient. If the corrected application is deficient, the notice shall specify all deficiencies. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.~~
5. The time-frame for administrative completeness review shall be suspended from the time the a notice of deficiency is issued until staff determines that the application is complete.
- 5.6. Within 150 days after an application is ~~deemed~~ determined to be administratively complete, the Commission shall approve or reject the application.
- 6.7. For purposes of A.R.S. § 41-1072 through A.R.S. § 41-1079 et seq., the Commission has established the following time-frames:
  - a. Administrative completeness review time-frame: 120 calendar days.
  - b. Substantive review time-frame: 150 calendar days.
  - c. Overall time-frame: 270 calendar days.
- 7.8. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during and for the duration of the extension or continuance.
- 8.9. During the substantive review time-frame, the Commission may, for good cause, upon its own motion or that of any interested party to the proceeding, ~~request a suspension of~~ suspend the time-frame rules.

F. Filing and availability of tariffs

1. Each utility shall file with the Commission, within 120 days after the effective date of new rules or requirements adopted by the Commission, or within a shorter period ordered by the Commission, tariffs which are in compliance that comply with the new rules and regulations promulgated by the Arizona Corporation or requirements adopted by the Commission within 120 days of the effective date of such rules.
2. Each utility shall file with the Commission any proposed changes to the utility's tariffs on file with the Commission; such proposed changes shall be accompanied by, along with a statement of justification supporting the proposed tariff change changes.
3. Any A utility's proposed change to the utility's tariffs on file with the Commission shall not become effective until reviewed and approved by the Commission, except as provided by law.
4. Each utility shall make its applicable tariffs available on its website and, upon request, either in paper form or in a readily accessible electronic format such as Adobe PDF.

G. Accounts and records

1. No change
2. Each utility shall maintain its books and records in conformity with the Uniform Systems of Accounts for Class A, B, C, and D Gas Utilities as adopted and amended by the Federal Energy Regulatory Commission.
3. ~~A Each~~ utility shall produce or deliver in this state any or all of its formal accounting records and related documents requested by the Commission. ~~If A utility may, at its option, provide verified copies of original records and documents rather than produce the originals.~~
4. ~~All utilities~~ Each utility shall submit an annual report to the Commission, through the Utilities Division, on a form prescribed by the Utilities Division. The annual report shall be filed on or before the 15th day of April for the preceding calendar year. Reports If the utility has received a report on the utility prepared by a certified or licensed public accountant on the utility, if any, the utility shall accompany the include a copy of the report with its annual report submission.
5. ~~All utilities~~ Each utility shall file with submit to the Commission, through the Utilities Division, a copy of all reports the utility is required by to file with the Securities and Exchange Commission.
6. ~~All utilities~~ Each utility shall file with submit to the Commission, through the Utilities Division, a copy of all annual reports the utility is required by to file with the Federal Energy Regulatory Commission.

H. Maps. ~~All utilities~~ Each utility shall file with the Commission a map or maps clearly setting forth the location and extent of the area or areas they hold under included within the utility's approved certificates of convenience and necessity, in accordance with the Cadastral (Rectangular) Survey of the United States Bureau of Land Management, or by metes and bounds with a starting point determined by the aforesaid Cadastral Survey.

I. Variations, exemptions of Commission rules and regulations. ~~Variations~~ The Commission may, by order, approve variations or exemptions from the terms and requirements of any of the rules included herein (14 A.A.C. Chapter 2, in this Article 3) shall be considered upon the verified either upon application of an affected party to the Commission setting forth the circumstances whereby establishing that the public interest requires such variation or exemption from the Commission rules and regulations or upon determining, on its own initiative, that such



variation or exemption is necessary to serve the public interest. Such application will be subject to the review of the Commission, and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and regulations and an approved tariff or order of the Commission, the provisions of the approved tariff or order shall apply.

J. No change

K. A utility shall obtain and maintain for each customer the customer's preferred method of communication, which may be email, U.S. mail, voice telephone call, text message, or other communication method acceptable to the utility and the customer. Except as otherwise specified in this Article, a utility shall communicate with a customer and the customer's designated third party using the customer's preferred method of communication. If a utility does not yet have a customer's preferred method of communication on file, the utility may use the U.S. mail.

**R14-2-315. Compliance by Gas Cooperatives**

A. The terms and conditions for termination of service, including customer notice, in a gas cooperative's tariff approved by the Commission prior to the effective date of this Section shall substitute for the provisions of R14-2-311.

B. Notwithstanding R14-2-312(F), a gas cooperative that proposes to revise the terms and conditions for termination of service included in its Commission-approved tariff shall file the proposed revisions with the Commission, in a new docket, pursuant to R14-2-312(I). If the Commission fails to approve, disapprove, or suspend for further consideration the proposed revisions within 60 days following the cooperative's filing, the revisions shall be deemed approved and become effective on the 61st day following the filing.

**R14-2-316. Termination of Service Reporting Requirements**

Beginning on April 15, 2022, and on each July 15, October 15, January 15, and April 15 thereafter, each regulated Class A, B, and C gas utility that provides residential gas service shall file a quarterly report providing the following information for each month of the previous quarter:

1. The number of residential customers whose gas service was terminated by zip code, and, if termination of service was prohibited under R14-2-311(A)(12) and the utility's tariffs, the number of residential accounts that would have been subject to termination if not for the prohibition;
2. The number of residential customers by zip code that have payment arrearages;
3. The total dollar amount of arrearages, by zip code;
4. The average dollar amount in arrearages per residential customer, by residential customer rate plan;
5. The number of commercial customers by zip code whose gas service was terminated;
6. The number of commercial customers by zip code that have payment arrearages;
7. The average amount in arrearages per commercial customer, by commercial class;
8. The number of residential accounts enrolled in a deferred payment arrangement and the number of those residential accounts in compliance with the deferred payment arrangement;
9. The number of active and delinquent residential accounts with an arrearage of \$100 or more, disaggregated into "limited-income" accounts, "accounts with documentation from a licensed medical practitioner," and "other residential accounts;"



10. The percentage of limited-income customers in arrears who have received customer assistance due to inability to pay in the most recent quarter;
11. The number of active and delinquent residential accounts with an arrearage of \$100 or more, disaggregated into "limited-income" accounts, "accounts with documentation from a licensed medical practitioner," and "other residential accounts," and further disaggregated to show the duration of the arrearages (up to 30 days, 30 to 60 days, and 60 to 90 days);
12. A brief narrative discussing the information contained in the report; and
13. A description of how the utility is assisting customers who indicate they may have an inability to pay, including details regarding the specific steps taken to direct the customers to appropriate resources, and including the following metrics:
  - a. Number of calls received from residential customers asking for bill assistance during the most recent quarter;
  - b. Number of customers notified about tariffs for limited-income customers, or other available tariffs, as of the most recent quarter;
  - c. Cumulative number of customers enrolled in limited-income tariffs, or other available tariffs, as of that most recent quarter;
  - d. Cumulative number of customers receiving assistance through the Low-Income Home Energy Assistance Program as of that most recent quarter; and
  - e. Number of customers notified of energy efficiency and weatherization options during that most recent quarter.

ORIGINAL

DOCKET NO. RU-00000A-19-0132

E0000014093

EXHIBIT B

2022 FEB 17 PM 1:15

MEMORANDUM

FILED

TO: Docket Control

FROM: Elijah O. Abinalh  
Director  
Utilities Division

*A. O. Abinalh*

DATE: June 18, 2021

RE: IN THE MATTER OF PROPOSED MODIFICATIONS TO THE RULES  
REGARDING TERMINATION OF SERVICE.  
(DOCKET NO. RU-00000A-19-0132)

---

The Utilities Division Staff hereby files its Economic, Small Business, and Consumer Impact Statement in accordance with Decision No. 77996, dated May 5, 2021.

EOA:CLA:jn/MAS

Originator: Candrea Allen

ACC- All Utilities Rules  
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**Note:** The Commission is exempt from the requirements of A.R.S. § 41-1055 relating to economic, small business, and consumer impact statements. However, under A.R.S. § 41-1057, the Commission is required to prepare a "substantially similar" statement.

**A.R.S. § 41-1055**

**B. Economic, Small Business, and Consumer Impact Statement**

**I. Identification of the proposed rulemaking.**

With this rulemaking, the Arizona Corporation Commission ("Commission") amends sections under Article 2, entitled "Electric Utilities" and sections under Article 3, entitled "Gas Utilities", of Title 14, Chapter 2 of the Arizona Administrative Code ("A.A.C."), the Chapter containing the Commission's rules for fixed utilities, including by adding three new rules under Electric Utilities and two new rules under Gas Utilities. Specifically, this rulemaking (1) Amends A.A.C. R14-2-201; (2) Amends A.A.C. R14-2-208; (3) Amends A.A.C. R14-2-211; (4) Amends A.A.C. R14-2-212; (5) Adds A.A.C. R14-2-214 - Compliance by Electric Cooperatives; (6) Adds A.A.C. R14-2-215 - Termination of Service Reporting Requirements; (7) Adds A.A.C. R14-2-216 - Relief for Heat-Vulnerable Residential Customers (8) Amends A.A.C. R14-2-301; (9) Amends A.A.C. R14-2-308; (10) Amends A.A.C. R14-2-311; (11) Amends A.A.C. R14-2-312; (12) Adds A.A.C. R14-2-315 - Compliance by Gas Cooperatives; and (13) Adds A.A.C. R14-2-316 - Termination of Service Reporting Requirements ("Revised Rules").

The rules amend various definitions, add new definitions, and remove definitions under both Electric Utilities and Gas Utilities. In addition, the rules amend the requirements under which Commission-regulated utilities, specifically public service corporations under Arizona Constitution, Article 15, § 2, are to report service interruptions. The rules amend the circumstances in which Commission-regulated utilities, specifically public service corporations under Arizona Constitution, Article 15, § 2, are prohibited from terminating electric or gas service to residential customers. In addition, the rules amend the procedures for processing utility bill disputes and customer complaints. Further, new sections provide electric and gas cooperatives greater flexibility to achieve compliance with the Revised Rules in recognition of their unique membership structure and operations, detail the reporting requirements related to termination of electric and gas service, and specify the steps electric utilities must take in order to address issues facing heat-vulnerable populations.

On June 14, 2019, pursuant to Commission directive, the Commission's Utilities Division Staff ("Staff") begin an emergency rulemaking to amend and strengthen the Commission's rules related to termination of service for electric utilities, A.A.C. R14-2-211. On June 14, 2019, Docket No. RU-00000A-19-0132 was opened for the purpose of commencing an emergency rulemaking process to enable the Commission to review and amend the current rules regarding termination of service for electric utilities.

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On June 20, 2019, in Decision No. 77260, the Commission approved, as an emergency measure, amendments to A.A.C. R14-2-211. On June 21, 2019, the approved emergency rules became effective the same day they were presented to the Secretary of State's Office. The emergency rules were in effect for a period of 180 days and expired on December 18, 2019. During the June 20, 2019, Staff Open Meeting, the Commission voted to direct Staff to commence a regular rulemaking to amend the termination of service rules for all utilities (electric, gas, water, telephone, and sewer/wastewater). The electric and gas termination of service rules were combined in Docket No. RU-00000A-19-0132. Separate dockets were opened for telephone and water/wastewater utilities.

On August 30, 2019, Staff filed its first draft of proposed modifications to the rules regarding the provision of service, termination of service, and administrative reporting requirements for all utilities. On September 26, 2019, Staff filed a revised draft of its proposed modifications to the rules. On September 30, 2019, and January 30, 2020, Staff held workshops. Participants in the workshops included current and former Commissioners, representatives from utilities, government agencies, energy efficiency and environmental advocacy groups, research entities, consumer advocacy groups, and the public. Many of the same participants also provided written comments. On November 23, 2020, based on discussions during workshops, comments filed, and the Commission's directives, Staff filed its third draft of the rules which only included the electric and gas utilities. Written comments regarding Staff's revised draft were filed by representatives from utilities, consumer advocacy groups, and the public in December 2020.

The Commission held a workshop on January 30, 2020, and information on temperature-related health impacts, which informed the Commission's decision on the termination of electric service prohibition detailed in the Revised Rules, was presented by: (1) Maricopa County Department of Public Health, (2) National Weather Service/National Oceanic and Atmospheric Administration, and (3) Arizona State University School of Geographical Sciences and Urban Planning and Urban Climates Research Center. The information provided showed a correlation between higher outdoor temperature, availability or use of cooling systems that rely on electric service, the impact to the indoor temperature, and heat-related health impacts on customers when outdoor temperatures reach 95° F or higher, or specifically during the summer months.

According to information presented by the Maricopa County Department of Public Health, the number of indoor heat-related deaths increased as the outdoor temperature increased. For example, from 2006 to 2017, two percent of heat-related indoor deaths occurred at 95° F. The percentage of heat-related indoor deaths increased to 12 percent when the outdoor temperature reached 100° F, and to 55 percent when the outdoor temperature reached 108° F. In addition, data provided by the Maricopa County Department of Public Health showed that for 2018, 51 heat-related indoor deaths were caused by "system failures," with 49 of those deaths being in "non-cooled" indoor environments, 45 deaths where an air conditioner was present and 4 deaths where an air conditioner was not present. Of the 45 heat-related indoor deaths where an air conditioner was present, 33 deaths occurred where there was a non-functioning air conditioner, 8 occurred where air conditioning was not turned on, and 4 occurred where there was no electric service.

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The Revised Rules include revisions to the termination of service procedures that specify when an electric or gas utility is prohibited from terminating service to residential customers. The Revised Rules require an electric utility to adopt one of the following two conditions under which the utility will be prohibited from terminating residential service:

- During any period of time for which the local weather forecast, as predicted by the National Weather Service, indicates that the weather in the area of the customer's service address:
  - Will include temperatures that do not exceed 32° F;
  - Will include temperatures that exceed 95° F; or
  - Will include other weather conditions that the Commission has determined, by order, are especially dangerous to health; or
- During the calendar days of June 1 through October 15 of each year, which shall be specified as non-termination dates in a utility's tariffs.

The Revised Rules require a gas utility to adopt one of the following two conditions under which the utility will be prohibited from terminating residential service:

- During any period of time for which the National Weather Service has issued a winter weather advisory in the area of the customer's service address; or
- During any period of time for which the local weather forecast, as predicted by the National Weather Service, indicates that the weather in the area of the customer's service address:
  - Will include temperatures that do not exceed 32° F; or
  - Will include other weather conditions that the Commission has determined, by order, are especially dangerous to health.

The Revised Rules also detail the notification requirements electric and gas utilities must follow when notifying customers prior to termination of service including (1) timing of notification of termination of service, (2) circumstances when advance notice of termination of service is required, (3) circumstances when advance notice of termination of service is not required, and (4) the information required to be included in the notice of termination of service.

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In addition, the Revised Rules change how and when electric utilities are required to report interruptions of electric service to the Commission. The amendments require electric utilities to notify the Commission when interruptions in electric service affect a significant portion of the electric utility's system as detailed:

- A service interruption of 1,000 customer hours or more for a utility with more than 1,000,000 customer connections,
- A service interruption of 500 customer hours or more for a utility with 400,000 to 1,000,000 customer connections, and
- A service interruption of 100 customer hours or more for a utility with fewer than 400,000 customer connections.

Further, the Revised Rules remove duplicative language related to notifying the Commission of interruptions in gas service for gas utilities because gas utilities currently have reporting requirements that are required to be filed with the Commission's Safety Division.

The Commission believes the amendments and additions contained in this rulemaking are necessary and in the public interest, to ensure that electric and gas utility customers are protected from terminations of service that occur when outside temperatures present a health and safety risk and that customers who are subject to termination receive timely and meaningful notice. The Revised Rules provide a balanced position between utility costs and customer safety while ensuring safe, reliable, and affordable energy service to the people of Arizona. In addition, the amendments regarding interruptions of service will ensure that the Commission receives timely notification of service interruptions that impact customers of electric and gas service.

2. Persons who will be directly affected by, bear the costs of, or directly benefit from the proposed rulemaking.

The persons ("stakeholders") most affected by the Energy Rules include:

- a. Electric utilities and gas utilities that are under the Commission's jurisdiction and providing electric or gas service in Arizona ("regulated utilities");
- b. Customers receiving electric or gas service in Arizona from regulated utilities;



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- c. The general public, as the Revised Rules potentially impact health and safety related to the modifications as to when termination of electric or gas service can occur; and
- d. The Arizona Corporation Commission.

3. Cost-benefit analysis.

As described above, the Revised Rules include several major differences from the Commission's current rules detailing the circumstances under which a utility is prohibited from terminating residential electric or gas service. The Revised Rules require a regulated electric or gas utility to adopt one of two termination provisions in which the utility will be prohibited from terminating residential service, based on the utility's service territory. The Revised Rules may result in increased bad debt/uncollectable expense or write-offs for a utility, which ultimately may be borne by all the utility's customer classes. There are additional reporting requirements related to termination of electric and gas service and additional steps electric utilities must take to address issues facing heat-vulnerable populations. The potential costs to the utility will vary depending on the size of each regulated utility and the termination of service provision implemented by the utility. Quantification of these costs is difficult, as it is likely that each utility will be impacted differently depending on its specific circumstances.

Commission Staff requested and was provided information from regulated electric and gas utilities related to customer account arrearages and bad debt/uncollectable expense for the years 2018, 2019, and 2020. Table 1 shows the total dollar amount of arrearages for residential customer accounts that became delinquent. Table 2 shows the amount of actual bad debt/uncollectable expense that was recorded by the utility for regulatory purposes. Table 3 shows the amount of actual bad debt/uncollectable expense written off by the utility. Table 4 shows the amount of uncollectable expense that ultimately was approved by the Commission to be recovered through rates in the utility's most recent rate case. The tables do not include information from all Commission-regulated utilities but represents a sampling of regulated electric and gas utilities of various sizes.

Table 1 - Total Dollar Amount of Arrearages for  
 Residential Customer Accounts that Became Delinquent

Company	Year		
	2018	2019	2020
Arizona Public Service Company	\$14,562,000	\$34,034,000	\$64,456,000
Tucson Electric Power Company	\$11,956,223	\$17,604,110	\$34,635,304
UNS Electric, Inc.	\$1,480,374	\$2,013,401	\$3,863,679
Trico Electric Cooperative, Inc.	\$981,456	\$698,883	\$1,362,783
Mohave Electric Cooperative, Inc.	\$7,042,022	\$6,271,257	\$6,926,450

Duncan Valley Electric Cooperative, Inc. (Electric and Gas combined)*	\$53,503	\$80,634	\$75,919
Southwest Gas Corporation	\$2,383,214	\$2,460,733	\$1,514,194
UNS Gas, Inc.	\$946,055	\$985,266	\$1,278,740
Copper Market, Inc. (Propane)	\$2,830	\$5,794	\$3,234

\* Duncan Valley Electric Cooperative, Inc. did not provide this information separately for its electric and gas divisions.

**Table 2 - Amount of Actual Bad Debt/Uncollectable Expense  
Recorded by Utility for Regulatory Purposes**

Company	Year		
	2018	2019	2020
Arizona Public Service Company	\$10,870,000	\$11,819,000	\$20,633,000
Tucson Electric Power Company	\$2,518,316	\$3,572,239	\$10,012,785
UNS Electric, Inc.	\$297,238	\$574,004	\$1,077,310
Trico Electric Cooperative, Inc.	\$15,578	\$9,306	\$71,268
Mohave Electric Cooperative, Inc.	\$112,757	\$105,673	\$110,464
Duncan Valley Electric Cooperative, Inc. (Electric and Gas combined)*	\$6,900	\$6,900	\$6,900
Southwest Gas Corporation	\$1,306,724	\$1,306,724	\$1,306,724
UNS Gas, Inc.	\$182,236	\$189,728	\$506,170
Copper Market, Inc. (Propane)	\$0	\$0	\$0

\* Duncan Valley Electric Cooperative, Inc. did not provide this information separately for its electric and gas divisions.

**Table 3 - Amount of Actual Bad Debt/Uncollectable  
Expense Written Off by Utility**

Company	Year		
	2018	2019	2020
Arizona Public Service Company	\$9,314,000	\$7,717,000	\$9,022,000
Tucson Electric Power Company	\$2,698,799	\$2,863,730	\$2,842,761
UNS Electric, Inc.	\$433,688	\$319,668	\$418,457
Trico Electric Cooperative, Inc.	\$15,578	\$9,306	\$71,268
Mohave Electric Cooperative, Inc.	\$36,542	\$41,206	\$25,207
Duncan Valley Electric Cooperative, Inc. (Electric and Gas combined)*	\$6,391	\$8,736	\$8,141
Southwest Gas Corporation	\$2,167,846	\$2,167,846	\$2,167,846
UNS Gas, Inc.	\$233,021	\$221,590	\$205,082
Copper Market, Inc. (Propane)	\$0	\$0	\$0

\* Duncan Valley Electric Cooperative, Inc. did not provide this information separately for its electric and gas divisions.

**Table 4.** Amount of Uncollectable Expense Ultimately Approved by Commission to be Recovered Through Rates in Utility's Most Recent Rate Case

Company	Uncollectable Expense Approved in Most Recent Rate Case
Arizona Public Service Company	\$4,100,000
Tucson Electric Power Company	\$2,633,738
UNS Electric, Inc.	\$374,037
Trico Electric Cooperative, Inc.	N/A*
Mohave Electric Cooperative, Inc.	\$21,108
Duncan Valley Electric Cooperative, Inc. (Electric and Gas combined)**	N/A
Southwest Gas Corporation	\$1,350,724
UNS Gas, Inc.	\$503,355
Copper Market, Inc. (Propane)	\$0

\* Trico Electric Cooperative, Inc. does not record this information separately from other cost of service data. Therefore, this information is not available without the assistance of outside consultants.

\*\* Duncan Valley Electric Cooperative, Inc. did not provide this information separately for its electric and gas divisions. DVEC did not request uncollectable expense in its most recent rate case.

Potential costs to electric and gas utility customers include accumulation of utility bill balances. Although the Revised Rules prohibit electric and gas utilities from terminating residential service under specific circumstances, customers will continue to receive utility service and the dollar amount owed by a residential customer during a termination of service prohibition will continue to accumulate. In addition, the potential increase in costs of uncollectable expense requested by the utility and approved by the Commission as part of future rate case proceedings would be borne by all customer classes through higher rates. However, quantifying these costs accurately is difficult, as it is likely that each utility customer will be impacted differently depending on a customer's monthly usage, tariff rate, personal financial situation, and other circumstances.

Potential benefits for electric and gas utility customers include a prohibition of termination of service during periods when weather can be especially dangerous to health thus reducing the number of potential heat-related indoor illnesses or deaths. As stated herein, information provided to the Commission showed a correlation between higher outdoor temperature, availability or use of cooling systems that rely on electric service, the impact to the indoor temperature, and heat-related health impacts on customers when outdoor temperatures reach 95° F or higher, or specifically during the summer months. The Revised Rules provide for more robust procedures that provide greater customer protections related to termination of service, customer notifications of termination of service, and the processing of customer complaints and disputes filed with the Commission. The Revised Rules also provide for deferred payment arrangements which may result in reducing bad debt expense or uncollectable amounts.

a. Probable costs and benefits to the implementing agency and other agencies directly affected by the implementation and enforcement of the proposed rulemaking.

Probable costs to the Commission of the proposed rules would include increased administrative time spent for Commission Staff to review the compliance filings and reports required to be filed by utilities. The Commission will not incur any fixed upfront cost with adoption of the proposed rulemaking. Benefits to the Commission of the proposed rules would be more robust procedures that would provide greater guidance for Commission Staff when reviewing compliance with the Revised Rules.

b. Probable costs and benefits to a political subdivision of this state directly affected by the implementation and enforcement of the proposed rulemaking.

To the extent that the political subdivisions of Arizona are customers of regulated utilities, potential costs include the increase in costs of uncollectable expense requested by the utility and approved by the Commission as part of future rate case proceedings that would be borne by all customer classes through higher rates. Benefits may include greater protections related to customer notifications of termination of service, and the processing of customer complaints and disputes filed with the Commission due to the more robust procedures.

c. Probable costs and benefits to businesses directly affected by the proposed rulemaking, including any anticipated effect on the revenues or payroll expenditures of employers who are subject to the proposed rulemaking.

All Commission-regulated utilities that are subject to the Revised Rules may incur increased payroll expenditures and increased administrative time complying with the rules, at least during the initial implementation of the Revised Rules while becoming familiar with the change in requirements. Currently, regulated utilities file general termination of service information as part of the annual report filing made with the Commission. The Revised Rules require that regulated utilities provide detailed termination of service information specific to the zip codes included in a regulated utility's service territory. The Revised Rules may result in increased regulated-utility administration time spent on developing and filing reporting requirements with the Commission, as the Revised Rules require additional reporting requirements.

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4. Probable impact on private and public employment in businesses, agencies, and political subdivisions of this state directly affected by the proposed rulemaking.

The Commission does not expect the Revised Rules to have more than a minimal impact on private and public employment in businesses, agencies, or political subdivisions. However, regulated electric utilities must take specific steps, including working with community advocacy organizations, to address issues facing heat-vulnerable populations. These advocacy organizations may incur increased payroll expenditures and increased administrative time spent in working with regulated electric and gas utilities as the utilities comply with the Revised Rules.

5. Probable impact of the proposed rulemaking on small businesses.

a. Identification of the small businesses subject to the proposed rulemaking.

Regulated cooperative utilities, identified as small businesses, would be subject to the proposed rulemaking.

b. Administrative and other costs required for compliance with the proposed rulemaking.

The Revised Rules will apply to regulated electric and gas cooperatives, some of which may be small businesses. To the extent that regulated cooperative utilities are small businesses subject to the Revised Rules, these utilities can expect to incur increased administrative time allocated toward complying with the termination of service reporting requirements and interruption of service reporting requirements of the Revised Rules. The cost for complying with the Revised Rules would be unique to each regulated cooperative. In addition, regulated cooperative utilities may expect to incur increased administrative time associated with the allocation of resources in developing and filing reporting requirements associated with the Revised Rules.

c. A description of the methods that the agency may use to reduce the impact on small businesses.

To the extent that small businesses are regulated utilities, the Revised Rules include waiver requirements and new sections that provide electric and gas cooperatives greater flexibility to achieve compliance with the Revised Rules in recognition of their unique membership structure and operations.



d. Probable cost and benefit to private persons and consumers who are directly affected by the proposed rulemaking.

The Commission expects the costs and benefits to private persons and consumers (as the general public or customers of a regulated utility) to vary with adoption of the Revised Rules. For customers of regulated utilities, the costs for complying with the Revised Rules would be unique to each utility.

As stated herein, potential benefits for electric and gas utility customers include a prohibition on termination of service during periods when weather can be especially dangerous to health thus reducing the number of potential heat-related indoor deaths. The Revised Rules provide for more robust procedures that provide greater customer protections related to termination of service, customer notifications of termination of service, and the processing of customer complaints and disputes filed with the Commission. Determining quantitative costs or benefits would be speculative at this time.

6. Probable effect on state revenues.

Any effect on state revenues resulting from the Revised Rules is not quantifiable at this time.

7. Less intrusive or less costly alternative methods of achieving the purpose of the proposed rulemaking.

The Commission is unaware of any alternative methods of achieving the purposes of the rulemaking that would be less intrusive or less costly.

8. Description of any data on which the rule is based.

The Commission relied upon information presented by: (1) Maricopa County Department of Public Health, (2) National Weather Service/National Oceanic and Atmospheric Administration, and (3) Arizona State University School of Geographical Sciences and Urban Planning and Urban Climates Research Center at the workshop held on January 30, 2021, and filed with the Commission's Docket Control. Although the Commission did not independently verify the data from these reports and studies, the Commission believes the data is acceptable data that supports the Revised Rules because the data is empirical in nature, and the stakeholders can replicate and test the data based on the supporting documentation, statistics, reports, studies, or research that the stakeholders included. The information was presented in Docket No. E-RU-00000A-19-0132. The



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presentations were compiled by Commission Staff into a single document that was then filed in the Docket.

<https://docket.images.azcc.gov/E000004765.pdf>

- C. If for any reason adequate data are not reasonably available to comply with the requirements of subsection B of this section, the agency shall explain the limitations of the data and the methods that were employed in the attempt to obtain the data and shall characterize the probable impacts in qualitative terms.

This section is not applicable as data filed in the Docket was used in formulating the rules.

ORIGINAL


DOCKET NO. RU-00000A-19-0132

E000014848

EXHIBIT C

MEMORANDUM

TO: Docket Control

FROM: Elijah O. Abinah   
Director  
Utilities Division

DATE: July 28, 2021

RE: IN THE MATTER OF PROPOSED MODIFICATIONS TO THE RULES  
REGARDING TERMINATION OF SERVICE.  
(DOCKET NO. RU-00000A-19-0132)

Pursuant to Decision No. 77996 (May 5, 2021), the Commission ordered that the Utilities Division Staff ("Staff") shall file, by July 28, 2021, with Docket Control a document including (1) a summary of all written comments filed by interested persons from May 21, 2021, through July 1, 2021, and all oral comments received at the oral proceedings in this matter; (2) the Utilities Division's response to those comments; and (3) a revised Economic, Small Business, and Consumer Impact Statement or a memorandum explaining why no revision of the prior Economic, Small Business, and Consumer Impact Statement ("EIS") is necessary. Attached is the Staff Report which contains a summary of comments made by interested parties regarding the Notice of Proposed Rulemaking, Staff's response to those comments, and information regarding a revised EIS.

EOA:CLA:cj/MAS

Originator: Candrea Allen

Attachments

ACC - Docket Control - Received 7/28/2021 4:54 PM  
ACC - Docket Control - Docketed 7/28/2021 5:01 PM  
DECISION NO. 78316

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

IN THE MATTER OF PROPOSED MODIFICATIONS TO THE RULES REGARDING  
TERMINATION OF SERVICE.  
(DOCKET NO. RU-00000A-19-0132)

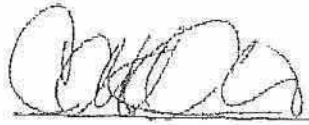
STAFF SUMMARY OF COMMENTS MADE REGARDING THE NOTICE OF PROPOSED  
RULEMAKING AND STAFF RESPONSE

JULY 28, 2021

DECISION NO. 78316

STAFF ACKNOWLEDGMENT

The Staff Report for the Matter of Proposed Modifications to the Rules Regarding Termination of Service, Docket No. RU-00000A-19-0132, was the responsibility of the Staff Member listed below.

A handwritten signature in dark ink, appearing to read 'Candrea Allen', is written over a horizontal line.

Candrea Allen  
Executive Consultant

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## INTRODUCTION

The Arizona Corporation Commission ("Commission" or "ACC") Utilities Division ("Staff") hereby files its summary of comments from interested parties regarding the Notice of Proposed Rulemaking ("NOPR") for possible modifications to the Commission's rules related to the Arizona Administrative Code ("A.A.C.") Title 14, Chapter 2, Article 2, the rules for Electric Utilities, including revisions to R14-2-201 (Definitions), R14-2-208 (Provision of Service), R14-2-211 (Termination of Service), and R14-2-212 (Administrative and Hearing Requirements), New sections R14-2-214 (Compliance by Electric Cooperatives), R14-2-215 (Termination of Service Reporting Requirements), and R14-2-216 (Relief for Heat-Vulnerable Residential Customers) were also added.

The modifications also include similar revisions to A.A.C. Title 14, Chapter 2, Article 3, the rules for Gas Utilities, including R14-2-301 (Definitions), R14-2-308 (Provision of Service), R14-2-311 (Termination of Service), and R14-2-312 (Administrative and Hearing Requirements). New sections R14-2-315 (Compliance by Gas Cooperatives) and R14-2-316 (Termination of Service Reporting Requirements) were also added (together with the revisions to Article 2, the rules for Electric Utilities, the ("Revised Rules")).

Pursuant to Decision No. 77996 (May 5, 2021), the Commission ordered that the Staff file with the Commission's Docket Control a document including (1) a summary of all written comments filed by interest parties between May 21, 2021, and July 1, 2021, and all oral comments received at the oral proceedings; (2) Staff's responses to those comments; and (3) a revised Economic, Small Business, and Consumer Impact Statement ("EIS") or a memorandum explaining why no revision to the previously filed EIS is necessary.

In compliance with Decision No. 77996, on April 30, 2021, Staff filed with the Office of the Secretary of State a Notice of Rulemaking Docket Opening (NRDO") and the NOPR. On May 21, 2021, the Secretary of State's office published Staff's filing in the Arizona Register. On June 18, 2021, Staff docketed its initial Economic, Small Business, and Consumer Impact Statement pursuant to the requirements of Arizona Revised Statute ("A.R.S.") § 41-1057(A)(2). On June 28 and July 1, 2021, the Commission's Hearing Division hosted telephonic oral proceedings regarding the NOPR.

### *Notice of Proposed Rulemaking Overview*

The Revised Rules contained in the NOPR amend the following sections under Article 2, entitled "Electric Utilities" and sections under Article 3, entitled "Gas Utilities", 14 A.A.C. 2, the Chapter containing the Commission's rules for fixed utilities, including by adding three new rules under Electric Utilities and two new rules under Gas Utilities. Specifically, this rulemaking (1) Amends A.A.C. R14-2-201; (2) Amends A.A.C. R14-2-208; (3) Amends A.A.C. R14-2-211; (4) Amends A.A.C. R14-2-212; (5) Adds A.A.C. R14-2-214 - Compliance by Electric Cooperatives; (6) Adds A.A.C. R14-2-215 - Termination of Service Reporting Requirements; (7) Adds A.A.C. R14-2-216 - Relief for Heat-Vulnerable Residential Customers (8) Amends A.A.C. R14-2-301;



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(9) Amends A.A.C. R14-2-308; (10) Amends A.A.C. R14-2-311; (11) Amends A.A.C. R14-2-312; (12) Adds A.A.C. R14-2-315 - Compliance by Gas Cooperatives; and (13) Adds A.A.C. R14-2-316 - Termination of Service Reporting Requirements.

The Revised Rules amend various definitions, add new definitions, and remove definitions under both Electric Utilities and Gas Utilities. In addition, the Revised Rules amend the requirements under which Commission-regulated utilities, specifically public service corporations under Arizona Constitution, Article 15, § 2, are to report service interruptions. The Revised Rules amend the circumstances in which Commission-regulated utilities, specifically public service corporations under Arizona Constitution, Article 15, § 2, are prohibited from terminating electric or gas service to residential customers. The Revised Rules amend the procedures for processing utility bill disputes and customer complaints. Further, new sections provide electric and gas cooperatives greater flexibility to achieve compliance with the Revised Rules in recognition of their unique membership structure and operations, detail the reporting requirements related to termination of electric and gas service, and specify the steps electric utilities must take in order to address issues facing heat-vulnerable populations.

#### *Revised Rules Background*

On June 14, 2019, former Chairman Robert Burns requested that Staff begin an emergency rulemaking to amend and strengthen the Commission's rules related to termination of service for electric utilities. On June 14, 2019, Docket No. RU-00000A-19-0132 was opened for the purpose of commencing an emergency rulemaking process to enable the Commission to review and amend the current rules regarding termination of service for electric utilities.

On June 20, 2019, in Decision No. 77260, the Commission approved, as an emergency measure, amendments to A.A.C. R14-2-211. On June 21, 2019, the approved emergency rules became effective the same day they were presented to the Secretary of State's Office. The emergency rules were in effect for a period of 180 days and expired on December 18, 2019. During the June 20, 2019, Staff Open Meeting, the Commission voted for approval to direct Staff to commence a regular rulemaking to amend the termination of service rules for all utilities (electric, gas, water, telephone, and sewer/wastewater). The electric and gas termination of service rules were combined in Docket No. RU-00000A-19-0132. Separate dockets were opened for telephone and water/wastewater utilities.

On August 30, 2019, Staff filed its first draft of proposed modifications to the Revised Rules regarding the provision of service, termination of service, and administrative reporting requirements for all utilities. On September 26, 2019, Staff filed a revised draft of its proposed modifications to the Revised Rules. On September 30, 2019, and January 30, 2020, Staff held workshops. Participants in the workshops included current and former Commissioners, representatives from utilities, government agencies, energy efficiency and environmental advocacy groups, research entities, consumer advocacy groups, and the public. Many of the same participants also provided written comments. On November 23, 2020, based on discussions during workshops, comments filed, and the Commission's directives, Staff filed its third draft of the

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Revised Rules which only included the electric and gas utilities. Written comments regarding Staff's revised draft were filed by representatives from utilities, consumer advocacy groups, and the public in December 2020.

*Commission Dockets Considered*

The following Commission dockets were considered in the development of the NOPR:

- Docket No. E-00000A-19-0128: In the Matter of Investigation and Comprehensive Review of the Commission's Disconnection Rules and the Disconnection Policies of Public Service Corporations.
- Docket No. RU-00000A-19-0132: In the Matter of Proposed Modifications to the Rules Regarding Termination of Service.

*Commission Rules Considered*

The following Commission Rules under Title 14, Chapter 2, Article 2 and Article 3 of the A.A.C. were considered in the development of the NOPR:

- Definitions (A.A.C. R14-2-201);
- Provision of Service (A.A.C. R14-2-208);
- Termination of Service (A.A.C. R14-2-211);
- Administrative and Hearing Requirements (A.A.C. R14-2-212);
- Definitions (A.A.C. R14-2-301);
- Provision of Service (A.A.C. R14-2-308);
- Termination of Service (A.A.C. R14-2-311); and
- Administrative and Hearing Requirements (A.A.C. R14-2-312).

**SUMMARY OF COMMENTS ON NOTICE OF PROPOSED RULEMAKING**

Pursuant to Decision No. 77996, the following contains (i) a summary of written comments made by interested parties regarding the NOPR between May 21, 2021, and July 1, 2021; (ii) a summary of oral comments made at the oral proceedings held on June 28 and July 1, 2021; and (iii) Staff's response to the comments, if a response was determined necessary.

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*Written Comments Filed in the Docket*

Decision No. 77996 specified that initial comments by interested persons related to the NOPR were to be filed by June 21, 2021, and that written comments in response to those initial comments were to be filed by June 28, 2021. As stated previously, Staff is required to provide a summary and a response to comments filed in the Docket between May 21, 2021, and July 1, 2021, and oral comments made at the oral proceedings on June 28 and July 1, 2021. On June 21, 2021, written comments were filed in the docket behalf of Grand Canyon State Electric Cooperative Association, Inc. ("GCSECA")<sup>1</sup> and the Residential Utility Consumer Office ("RUCO").<sup>2</sup>

*GCSECA* - In its written comments, GCSECA stated that it believes that language excluding the Cooperatives from the termination of service reporting requirements for electric and gas utilities (R14-2-215 and R14-2-316, respectively) was unintentionally omitted. GCSECA stated that being subject to these reporting requirements would create a hardship for the Cooperatives given the unique member-owned not-for-profit nature of the Cooperatives. In addition, GCSECA's comments included proposed language that would be added to the Cooperative specific sections of the Revised Rules that would require periodic reports to be filed "...to the extent the cooperative's board of directors deems such reports to be appropriate and in the best interest of its members."

*RUCO* - RUCO expressed concern with R14-2-211(A)(1) of the Revised Rules<sup>3</sup> which allow the utility to select one of two options under which termination of service will be prohibited. RUCO stated that by not requiring utilities to be subject to the same methodology under which termination of service will be prohibited the Commission has delegated its authority and "...the obligation to select the method to determine when termination of service will not occur to the utility...."

This, RUCO states, allows the utility, not the Commission, to determine under which conditions the utility will be prohibited from terminating residential electric service. Also, in its comments, RUCO took issue with R14-2-211(H)(1). RUCO stated that "[t]he Commission lacks the power to describe how a ratepayer manages his/her energy use."

RUCO also stated that the language does not define how compliance would be measured and how the Rules will be enforced. Finally, RUCO expressed concern about the potential rate impact the Revised Rules would have on the utility's customer base.

No written responsive comments to other interested parties' initial comments were filed in the Docket. The comments filed on June 28, 2021, by interested parties were the prepared

<sup>1</sup> GCSECA's cooperative members include Duncan Valley Electric Cooperative, Inc.; Graham County Electric Cooperative, Inc.; Mohave Electric Cooperative, Inc.; Navopache Electric Cooperative, Inc.; Sulphur Springs Valley Electric Cooperative, Inc.; and Trico Electric Cooperative, Inc.

<sup>2</sup> On June 23, 2021, Mr. Abhay Padgaonkar filed comments related to information that was included in Staff's EIS filed on June 18, 2021. Mr. Padgaonkar's comments did not relate to the actual NOPR and the Revised Rules.

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comments from those who provided oral comments at the oral proceeding, as requested by the Administrative Law Judge.

*Oral Comments at Oral Proceedings (6/28/2021 and 7/1/2021)*

*June 28, 2021, Oral Proceeding Comments*

*Southwest Gas ("SWG")* – SWG expressed its support for the current proposed revisions to Article 3 of the A.A.C.

*Abhay Padgaonkar* – Mr. Padgaonkar's comments related to information that was included in Staff's EIS filed on June 18, 2021, concerning the potential write-offs of bad debt/ uncollectable expense and the impact on customer rates. In addition, Mr. Padgaonkar expressed concern with the reliability of using the National Weather Service's heat advisories as a condition under which a utility is prohibited from terminating residential customer service. Further, Mr. Padgaonkar stated that although other factors may contribute to heat related health incidents, the Commission has authority over the conditions of utility termination of service which may also contribute to heat related health incidents. Mr. Padgaonkar also filed his comments made at the oral proceeding in the Docket.

*RUCO* – RUCO echoed its previously filed written comments related to A.A.C. R14-2-211(A)(11). In addition, RUCO stated that the adoption of the Revised Rules "...is likely to be increasing overall ratepayer arrearages, company bad debt expense and lost revenues."

RUCO also stated that the Commission should take into consideration how the increase in these costs impact other customer classes, how the costs will be recovered, the financial impact to the utilities, and the utilities' ability to provide reliable service. RUCO also expressed concern regarding the information included in Staff's EIS related to the potential benefits and costs of implementing the Revised Rules. Further, RUCO stated that "[t]he Commission should require that the utilities provide a robust and substantial consumer notification of the rules...."

RUCO stated that it does not oppose the revised definition related to third party notification but indicates that utilities should provide additional information to its customers related to third party notifications, such as a Revised Rules campaign. RUCO also filed its comments made at the oral proceeding in the Docket.

*Stacey Champion* – Ms. Champion's comments expressed concern about the potential unintended consequences of heat related health impacts/indoor deaths from terminating utility service during high temperature days. In her comments, Ms. Champion also expressed concern regarding the 95° F temperature threshold specified in R14-2-211(A)(11)(a)(ii) and the utility having the ability to select one of two methodologies under which termination of service will not be allowed.



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*July 1, 2021, Oral Proceeding Comments*

*AARP* – AARP's comments expressed concerns related to the ability of the utility to select one of two methodologies under which termination of service will not be allowed as specified in R14-2-211(A)(11) or R14-2-311(A)(12), and the potential confusion of the termination procedures for a residential customer who has both electric and gas utility service. In addition, AARP supported the proposed requirement that an electric utility not be permitted to terminate service if the customer has a delinquent bill balance of \$300 or less. Further AARP's comments expressed concern regarding the potential for arrearage balances to accumulate and that could potentially be included as uncollectable debt for the utility and impact rates in a future rate case proceeding.

*Arizona PIRG Education Fund ("PIRG")* – PIRG's comments expressed concern related to the health and financial impacts of the June 1 through October 15 termination of service prohibition for electric utilities on customers. According to PIRG's comments, there are no data that "...specify or compare potential contributing factors beyond the lack of an AC [air conditioning] or AC unit that wasn't in operation..." to the number of heat related incidents or whether the incidents occurred in Commission-regulated service territories. In addition, PIRG's comments contended that bad debt/uncollectable information included in the EIS filed by Staff is misleading as it may not reflect information from 2019 and 2020. PIRG's comments expressed concern with the requirement that the utility adopt one of the conditions specified in R14-2-211(A)(11) under which the utility would be prohibited from terminating utility service. PIRG stated that reduction of ratepayer utility bills should be the focus of the Commission's efforts as any increases in bad debt/uncollectable expenses would be borne by all ratepayers. Further, PIRG stated that customers should be placed on automatic deferred payment plans of at least six months.

*Rich Stevens* – Mr. Stevens' comments indicated general support for the Revised Rules. Although Mr. Stevens believes the 95° F temperature threshold specified in R14-2-211(A)(11)(a)(ii) is an improvement from the current rules in place, Mr. Stevens indicated that a 90° F threshold would be a more favorable threshold with respect to potential heat related health complications.

**STAFF RESPONSE TO COMMENTS**

*Staff Response* – Based on the written comments filed and comments provided at the oral proceedings, Staff does not believe modification to the NOPR is necessary. Staff notes that A.A.C. R14-2-212(I) and R14-2-312(I) allow for variances and exemptions from Commission's rules. Any regulated utility may, for good cause, request the Commission to waive or modify any requirement included in the Revised Rules. As previously stated in the Staff Memorandum filed on March 23, 2021, to be consistent with previous Commission decisions, the Revised Rules include conditions for which a utility is prohibited from terminating utility service that have already been approved by the Commission and which are currently being implemented. The current version of the Revised Rules takes into consideration: (1) Decision No. 77260; (2) Decision No. 77849; and (3) Decision Nos. 77357, 77656, 77657, 77658, 77659, 77660, and 77362 (decisions granting variance from Decision No. 77260) which specify the conditions under which

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each utility is prohibited from terminating service.<sup>3</sup> In addition, Staff believes that, given the nature of the Revised Rules, specifically with respect to termination of electric or gas service, ensuring that utility customers are cognizant of their energy usage, especially during the periods when a utility is prohibited from terminating service, is a reasonable expectation.

Further, the previously filed EIS includes information regarding the potential benefits and costs of the Revised Rules to ratepayers, utilities, and other entities that may be impacted. Although the potential increase to bad debt/uncollectable expense may not be considered a substantial impact to the utilities, Staff believes that it is still an increase in costs that would be borne by all utility ratepayers as part of a future utility rate case proceeding. As indicated in the EIS, quantifying the benefits or costs accurately is difficult due to numerous factors such as the size of the utility, location of the utility's service area, a customer's monthly usage, the tariff rate under which each customer receives service, the personal financial situation of each customer, and other circumstances and would be unique to each utility. The current Revised Rules are the result of Staff's review of numerous comments filed in the Docket, Commission-hosted workshops, and previous Commission decisions. Staff believes that the Revised Rules provide more robust procedures that provide greater customer protections related to termination of service, customer notifications of termination of service, and the processing of customer complaints and disputes filed with the Commission. Therefore, Staff does not recommend modification of the NOPR.

#### **REVISED ECONOMIC, SMALL BUSINESS, AND CONSUMER IMPACT STATEMENT**

Based on the comments provided in the Docket between May 21, 2021, and July 1, 2021, and oral comments made at the oral proceedings on June 28 and July 1, 2021, Staff does not believe the information that has been presented warrants revision to the previously filed EIS. As indicated in the EIS filed on March 23, 2021, quantifying the benefits or costs of the impact of the proposed modifications to the Revised Rules accurately is difficult due to numerous factors such as the size of the utility, location of the utility's service area, a customer's monthly usage, the tariff rate under which each customer receives service, the personal financial situation of each customer, and other circumstances and would be unique to each utility. Therefore, Staff will not be filing a revised EIS.

<sup>3</sup> Decision Nos. 77371, 77361, 77372, and 77373 approved the June 1 through October 15 termination of service prohibition.



**EXHIBIT D****Summary of the Comments Made on the Rulemaking and the Agency Response to Them,  
Prepared Pursuant to A.R.S. § 41-1001(18)(d)(iii)**

The written and oral comments received by the Arizona Corporation Commission ("Commission") concerning the Notice of Proposed Rulemaking ("NPRM") are included in the following table, along with the Commission's response to each. The Commission has included comments received after the April 13, 2021, Open Meeting when the Commission approved Decision No. 77996 (May 5, 2021), which adopted the language for the NPRM, and before the NPRM was published on May 21, 2021.

<b>Written Comments on NPRM</b>	
<b>Public Comment</b>	<b>Commission Response</b>
<p><u>Abhay Padgaonkar (April 19, 2021; April 29, 2021; June 23, 2021; June 28, 2021)</u></p> <p>Mr. Padgaonkar's April 19, 2021 filing primarily discussed Arizona Public Service Company's ("APS") uncollectible expense in its pending rate case. Regarding the Termination of Service Rules, Mr. Padgaonkar stated that current reporting requirements overemphasize arrearages and delinquent balances, which he asserted do not represent actual uncollectible expense. Mr. Padgaonkar stated that the Commission should require utilities to report actual uncollectible expense as actual write-offs separately for residential and non-residential customers.</p> <p>Mr. Padgaonkar's April 29, 2021, filing expressed support for the draft rules, stating that they strengthened protections for customers. Mr. Padgaonkar also noted that affordability of rates is a concern.</p> <p>Mr. Padgaonkar's June 23, 2021, filing addressed the Economic, Small Business, and Consumer Impact Statement ("EIS") filed by Staff on June 18, 2021. He stated that the EIS indicated the impact to rates from the termination of service moratorium was insignificant. Mr. Padgaonkar again stated that arrearages are the incorrect metric to evaluate the impact on rates from the termination of service moratoriums. He stated that there should not be concerns about the rate impact from the revised disconnection rules.</p>	<p>The Termination of Service Rules include robust reporting requirements for electric and gas utilities in R14-2-215 and R14-2-316. These provisions are adequate to ensure that utilities are compiling information necessary to evaluate the impact of the Termination of Service Rules both on public health and on customer and utility finances.</p> <p>The Commission concludes that no change is needed in response to these comments.</p>

<p>On June 28, 2021, Mr. Padgaonkar filed his comments read at the Oral Proceeding on June 28, 2021, which are discussed below.</p>	
<p><u>Grand Canyon State Electric Cooperative, Inc. ("GCSECA"). Jennifer A. Cranston (June 21, 2021)</u></p> <p>GCSECA expressed general support for the Termination of Service Rules and the cooperative-specific provisions in R14-2-214 and R14-2-315. However, GCSECA stated that it believed language excluding the cooperatives from the termination of service reporting requirements for electric and gas utilities in R14-2-215 and R14-2-316 was omitted unintentionally. GCSECA further stated that the reporting requirements would create a hardship for cooperatives. GCSECA included proposed language that it requested be added to the Termination of Service Rules that would require periodic reports to be filed only if a cooperative's board of directors determines that the reports are appropriate and in the best interests of its members.</p>	<p>The reporting requirements in R14-2-215 and R14-2-316 will provide utilities and the Commission with necessary information to evaluate the impacts of the Termination of Service Rules. However, R14-2-212(I) and R14-2-312(I) allow utilities to request waivers from any of the Termination of Service Rules for good cause. Additionally, the Commission believes that GCSECA's suggested language changes would result in a rule that would be "substantially different" than the NPRM under A.R.S. § 41-1025.</p> <p>The Commission concludes that no change is needed in response to these comments.</p>
<p><u>Residential Utility Consumer Office ("RUCO"). Daniel Pozefsky (June 21, 2021 and June 28, 2021)</u></p> <p>RUCO expressed concern with the provision in R14-2-211(A)(1), which allows a utility to select one of two conditions under which termination of service will be prohibited. RUCO characterized the provision as an impermissible delegation of the Commission's authority.</p> <p>RUCO also objected to R14-2-211(H)(1), stating that the Commission does not have the authority to prescribe how ratepayers manage their energy use and the rule does not define how compliance would be measured or how the rule would be enforced.</p> <p>In addition, RUCO raised concerns regarding the potential rate impact of the Termination of Service Rules on ratepayers and stated that the cost considerations required more evaluation.</p>	<p>The Termination of Service Rules include conditions under which a utility is prohibited from terminating residential utility service that already have been approved by the Commission and which currently are being implemented. The option between two sets of weather conditions allows flexibility for application of the rule best-suited for the climate conditions and customers of a utility's service area. This flexibility is not an improper delegation of the Commission's authority because the utilities are provided with two specific options with clear parameters.</p> <p>Ensuring that utility customers are cognizant of their energy usage, especially during the periods when a utility is prohibited from terminating service, is a reasonable expectation.</p>

<p>RUCO also referred to its prior filings, which it stated remained relevant.</p> <p>On June 28, 2021, RUCO filed a copy of its comments read at the Oral Proceeding on June 28, 2021, which are discussed below.</p>	<p>Compliance or enforcement measures are not necessary or appropriate.</p> <p>The Termination of Service Rules include robust reporting requirements in R14-2-215 and R14-2-316 that will allow the Commission and stakeholders to evaluate the financial impact of the rules moving forward. As described in the EIS, all financial impacts cannot be anticipated at this time. The Termination of Service Rules provide for deferred payment arrangements, which will help minimize arrearages for customers and bad debt expense for utilities.</p> <p>The Commission concludes that no change is needed in response to these comments.</p>
Oral Comments on Notice of Proposed Rulemaking, Oral Proceeding 6/28/21 and 7/1/21	
Public Comment	Commission Response
<p><u>Southwest Gas Corporation ("SW Gas"), Carla Kolebuck (June 28, 2021)</u></p> <p>SW Gas expressed support for the Termination of Service Rules pertaining to gas utilities.</p>	<p>The Commission appreciates the supportive comments. No change is needed in response to these comments.</p>
<p><u>Abhay Padgaonkar (June 28, 2021)</u></p> <p>Mr. Padgaonkar stated that terminating electric service during the summer is inconsistent with the Commission's mandate to protect public health and safety. Mr. Padgaonkar addressed the EIS and the potential impact of bad debt on customer rates. He stated that there will not be a significant impact on rates from the termination of service moratorium. He also expressed concern with the reliability of using National Weather Service heat advisories as a condition under which a utility is prohibited from terminating residential customer service because the advisories are issued for extreme conditions, which will not reliably protect vulnerable customers.</p>	<p>The Commission has addressed the comments of Mr. Padgaonkar relating to bad debt expense in the written comments section. The Termination of Service Rules as included in the NPRM do not include use of the National Weather Service heat advisory as a condition under which a utility is prohibited from terminating service. No change is needed in response to these comments.</p>
<p><u>RUCO, Daniel Pozefsky (June 28, 2021)</u></p>	<p>The Commission has addressed most of the comments of RUCO in the written comments section. In addition, the</p>

<p>Similar to its written comments, RUCO expressed disapproval with R14-2-211(A)(11) and the choice it provides to utilities. RUCO stated that one uniform rule should apply to all utilities.</p> <p>RUCO stated that the Termination of Service Rules are likely to increase overall ratepayer arrearages, bad debt expense, and lost revenues. RUCO stated that the Commission should consider how the increase in costs will impact other customer classes, how the costs will be recovered, the financial impact to utilities, and the ability of utilities to provide reliable service.</p> <p>RUCO expressed concern with the information included in the EIS relating to the potential costs and benefits of implementing the Termination of Service Rules. RUCO stated that the EIS did not provide sufficient information on the economic impacts of increasing arrearages and bad debt expense on ratepayers and utilities, and did not offer suggestions for addressing bad debt expense in rates, lost revenues, and cost recovery regulatory mechanisms. RUCO acknowledged that the expected costs associated with the Termination of Service Rules was anticipated to be minor.</p> <p>RUCO further stated that the Commission should require utilities to provide customers with "robust and substantial" notification of the Termination of Service Rules.</p> <p>RUCO also stated that it did not oppose the revised definition relating to third party notification but indicated that utilities should provide additional information about it to customers.</p>	<p>Termination of Service Rules provide robust customer protections related to customer notifications of termination of service and the processing of customer complaints and disputes filed with the Commission. These provisions will ensure that customers are provided substantial and timely information regarding their rights under the Termination of Service Rules. No change is needed in response to these comments.</p>
<p><u>Stacey Champion (June 28, 2021)</u></p> <p>Ms. Champion expressed concern with heat-related health impacts and indoor deaths resulting from terminating utility service during high temperature days. Ms. Champion stated that the 95°F threshold was too high and deaths have occurred when service was disconnected in May when it was less than 95°F. She further objected to allowing utilities to select one of two conditions under which termination of service</p>	<p>The 95°F threshold is based on the best-available information provided to the Commission and as described in the EIS. The standard is protective of public health and considers the financial impact to the public from a prolonged period where termination of service is prohibited. Ms. Champion's concern regarding the provision allowing utilities to select one of two conditions is</p>



<p>would not be allowed. She also stated that the costs associated with the Termination of Service Rules would be minimal.</p>	<p>discussed in response to RUCO's comments above. No change is needed in response to these comments.</p>
<p><u>AARP, Steve Jennings (July 1, 2021)</u></p> <p>Mr. Jennings, a volunteer speaking on behalf of AARP, expressed concerns relating to the ability of a utility to select one of two conditions under which termination of service would not be allowed as provided for in R14-2-211(A)(11) and R14-3-311(A)(12). He stated that there could be confusion for residential customers with both electric and gas utility service, and that there should be one statewide policy to reduce the risk of confusion. In addition, Mr. Jennings stated that AARP supports the requirement that an electric utility cannot terminate service if the customer has a delinquent bill arrearage of \$300 or less. In addition, Mr. Jennings expressed AARP's concern that arrearage balances could accumulate, potentially becoming uncollectible debt for the utility that impacts rates in a future rate case proceeding.</p>	<p>AARP's concern regarding the provision allowing utilities to select one of two conditions, and the potential economic impact of the Termination of Service Rules, is discussed in response to RUCO's comments above. No change is needed in response to these comments.</p>
<p><u>Arizona PIRG Education Fund ("PIRG"), Diane Brown (July 1, 2021)</u></p> <p>Ms. Brown expressed concern with the health and financial impacts on customers of a termination of service prohibition for electric utilities. She stated that there are no data that specify or compare contributing factors other than lack of air conditioning to the number of heat-related incidents. In addition, she stated that the bad debt and uncollectible information included in the EIS is not complete because of the lag in reporting due, in part, to customers entering into payment plans, and thus the Commission does not have adequate information on the financial impact of the 2019 and 2020 summer moratoriums.</p> <p>Ms. Brown also expressed concern with the provisions in R14-2-211(A)(11) that allow a utility to adopt one of two conditions under which the utility would be prohibited from terminating utility service. She stated a preference for using a June 1 to October 15 moratorium instead of a 95°F temperature-based moratorium because if a 95°F standard was used, there</p>	<p>PIRG's concern regarding the provision allowing utilities to select one of two conditions, and the potential economic impact of the Termination of Service Rules, is discussed in response to RUCO's comments above. The Termination of Service Rules require utilities and customers to act in good faith in negotiating a payment plan, which ensures that customers are afforded flexibility to enter into a plan best-suited to their circumstances. In addition, R14-2-211(A)(17) and R14-2-311(A)(17) require Class A, B, and C electric and gas utilities to report to the Commission their payment plan policy for residential customers, ensuring that the Commission has the opportunity to evaluate the reasonableness of such policies. No change is needed in response to these comments.</p>

<p>are households that would spend more months in a moratorium than not, potentially creating a perpetual debt problem for those customers.</p> <p>Ms. Brown stated that the Commission should focus on reducing ratepayer utility bills because any increase in bad debt expense would be borne by all ratepayers.</p> <p>Ms. Brown also stated the rules should specify that customers will be placed on automatic deferred payment plans of at least six months.</p>	
<p><u>Ritch Steven (July 1, 2021)</u></p> <p>Mr. Steven expressed general support for the Termination of Service Rules. He stated that the 95°F temperature threshold specified in R14-2-211(A)(11)(a)(ii) is an improvement over rules currently in place, but a threshold of 90°F would be more favorable with respect to potential heat-related health complications.</p>	<p>The Commission appreciates the supportive comments. The 95°F threshold is based on the best-available information provided to the Commission and as described in the EIS. The standard is protective of public health and considers the financial impact to the public from a prolonged period where termination of service is prohibited. No change is needed in response to these comments.</p>



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NOTICE OF FINAL RULEMAKING

SECRETARY OF STATE

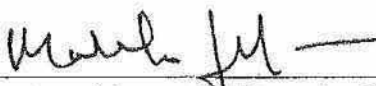
2022 FEB 17 PM 1:15

FILED

1. Agency name: Arizona Corporation Commission
2. Chapter heading: Corporation Commission -- Fixed Utilities
3. Code citation for the Chapter: 14 A.A.C. 2
4. The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in the rulemaking, in numerical order:

<u>Article, Part, or Section Affected (as applicable)</u>	<u>Rulemaking Action</u>
R14-2-201	Amend
R14-2-208	Amend
R14-2-211	Amend
R14-2-212	Amend
R14-2-214	New Section
R14-2-215	New Section
R14-2-216	New Section
R14-2-301	Amend
R14-2-308	Amend
R14-2-311	Amend
R14-2-312	Amend
R14-2-315	New Section
R14-2-316	New Section

5. The rules contained in this package are true and correct as made.

6.   
Signature of Agency Chief Executive Officer in ink

11-23-2021  
Date signed

Matthew J. Neubert  
Printed or typed name of signer

Executive Director  
Title of signer

AGENCY RECEIPT  
NOTICE OF FINAL RULEMAKING

SECRETARY OF STATE

2022 FEB 17 PM 1:15

FILED

1. Agency name: Arizona Corporation Commission

2. The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in the rulemaking, listed in alphabetical and numerical order:

<u>Article, Part, or Section Affected (as applicable)</u>	<u>Rulemaking Action</u>
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R14-2-215	New Section
R14-2-216	New Section
R14-2-301	Amend
R14-2-308	Amend
R14-2-311	Amend
R14-2-312	Amend
R14-2-315	New Section
R14-2-316	New Section

3. Identifying information for the type of notice filed, such as a title or subject:

Modifications to the rules regarding termination of services for electric and gas utilities.